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EDITORIAL

As We See It

President Eisenhower is, of course, right when he says that time alone will tell what was achieved at Geneva. Accomplishments there, assuming that there were accomplishments, were of an intangible nature apparently turning in large part upon personalities. Such achievements occasionally prove to be of much more value than the mere formulation of treaties or agreements—and sometimes they prove in time to have been largely illusory or limited to the official lifetime of the personalities upon which they depended in the first place. It is at least conceivable that in the world situation existing at this time achievements of this nature could be of really first rate importance. Anything remotely resembling final appraisal of the work at Geneva must await future developments.

Dispatches from Geneva suggest the possibility of one achievement which if real could mark a milestone in international relations involving not only this country and Russia but more or less all the major powers of the world. We refer to the progress said to have been made in allaying the suspicion, not to say the fixed belief, that the United States of America has imperialist designs that extend around the world. It has always been difficult for the citizen of this country to believe that suspicions of this sort were real. Such thoughts are so far from the mind of the man in the street here that doubts expressed or other-

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Pillars of Our Foreign Economic Program

By NEIL H. JACOBY*

Dean, School of Business Administration
University of California, Los Angeles
Former Member Council of Economic Advisers

Dean Jacoby lists as pillars of our foreign economic program: (1) a strong and sustained economic growth in the U. S.; (2) a reduction of trade barriers between nations; (3) an expansion of U. S. foreign investment, and (4) technical assistance to underdeveloped countries. Reviews recent steps taken by the Eisenhower Administration toward these goals, and concludes that strengthening the Free World and winning the support of neutral peoples will help establish peace and prosperity.

Most Americans will agree that the broad objectives of our foreign policy is to strengthen our ties with other nations of the Free World, and to bring within the fellowship of the free nations those countries which are as yet neutral in the global ideological struggle between democratic Capitalism and totalitarian Communism.

Neil H. Jacoby

In advancing toward our objective, there must always be a basic integrity of our foreign and our domestic economic policies, on the one hand, and of our foreign political, military and economic policies, on the other. To the extent that American policies are consistent on all fronts, they are mutually reinforcing. To the extent that they diverge in concept or in action, they confuse other peoples and lose their persuasiveness.

The bond between our foreign economic policy and our domestic economic policy is necessarily very close. Americans give allegiance to certain basic economic ideas in our domestic policy, such as private property, open markets, competition, and free entry into business enterprise. An anti-

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*An address by Dean Jacoby to the Los Angeles Committee on Foreign Relations, Los Angeles, Calif.

Social Security or Socialistic Coercion?

By DEAN CLARENCE E. MANION*

Sponsor, Manion Forum of Opinion
South Bend, Ind.

Mr. Manion views the Social Security and Old-Age Pension Laws as political cowardice, socialistic coercion, and fraudulent extortion. Says "Why not take the compulsion out of Social Security?" Cites estimate of Congressman Noah Mason that, 20 years from now, it will require $20 billion yearly in taxes to meet Social Security payments promised in the pending House bill.

In the course of his excellent address three weeks ago, United States Senator William Jenner cited a few figures that need constant repetition. He recalled that, despite all the extraordinary needs of the Great Depression in th year 1932, our Federal Government collected $2 billion from the American taxpayers. Subsequently, after several years of what the late Harry Hopkins called the official New Deal Policy of spend and spend and tax and tax, the Federal Government in 1939 collected $5 billion from its taxpayers.

Clarence E. Manion

In 1945 at the climax of the most devastating and expensive World War in history, the Federal tax collections amounted to $46 billion. Then came peace, unprecedented prosperity and the official liquidation of what the Republicans called the "mess in Washington." The Eisenhower Administration had taken over on a platform calling for tax reduction, and, so, in 1954, the Federal Government collected from the taxpayers, not $2 or $5 or $46 billion, but **$73 billion.**

With no war and no depression that astronomical sum of taxes is not enough. The Federal Government con-

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*A radio address by Dean Manion over a network of the Mutual Broadcasting Company, July 24, 1955.

SECURITIES NOW IN REGISTRATION — Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 32.

The Security I Like Best

A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring a particular security.

(The articles contained in this forum are not intended to be, nor are they to be regarded, as an offer to sell the securities discussed.)

This Week's Forum Participants and Their Selections

Hagan Corporation — Herbert E. Harris, Dayton, Ohio (Page 2)

Inspiration Consolidated Copper Co. — Bradbury K. Thurlow, Partner, Osborne & Thurlow, New York City. (Page 2)

HERBERT E. HARRIS

Dayton 2, Ohio

This is a brief discourse on a stock that I place among a selected few which I think have above average growth and profit potentials.

Herbert E. Harris

Thirty-seven years ago the corporation, whose stock I commend to you, was born to manufacture and sell the first fully automatic control system for steam boilers. Today its equipment controls our largest public utility and industrial power plants. But that is only one spoke of the wheel. The company has, over the years, developed other products in several fields. Through research it continuously seeks to develop new products and improve present ones. Its business is international as well as national. It has over 14,000 customers among which are about 100 of our largest industrial corporations. There is a bit of "romance" in this sturdy oak which sprung from its 1918 acorn but limitation of space precludes "romancing" — it will allow only important facts.

It may seem odd, but it developed logically, that this corporation got into chemicals because of its automatic controls business. From this have evolved several nationally known products for the treatment of water and the curing of smoked meats. Perhaps you know some of them: Calgon, Calgonite, Thanx and Curafos. It also owns Hall Laboratories, Inc. (organized in 1925) which is considered to be one of the most important water laboratories in the world — perhaps the most important.

Another product with seemingly great potentials was recently added to the mechanical division of the business: a new dust collecting machine to be known as "Atomix." An analysis by a well known independent engineering organization gives it a very high rating.

The company's headquarters are in Pittsburgh, Pennsylvania but it has plants in Elwood, Pennsylvania and Orville and Riceland, Ohio. It has 23 U. S. sales offices and representatives in 11 foreign countries.

Let's take a look at the past 10 years to see how this corporation has progressed. Sales and other income increased from $6,937,410 in 1945 to $17,391,216 in 1954; up 157%. Net income increased from $212,131 to $665,964; up 166%. Per share earnings increased from 71 cents to $2.22; up 212%.

On Dec. 31, 1954 current assets were $6,502,749, current liabilities $1,803,783. No bonds, no preferred stock, no bank loans—only 600,000 shares of $1 par value common stock of which 300,000 shares are outstanding.

Management is eliminating certain segments of the business which are of questionable value to it and is planning expansion of other segments which are exceeding expectations; such as household products whose sales have increased from $687,910 in 1947 to $4,082,137 in 1954; up 494%. Expansion costing about $1,000,000 will be started soon. The management is considered experienced, able and is conservatively progressive.

The company has never failed to make a profit in any year. Current reports are that operations are most satisfactory in all divisions of the business. I think the shares of this not very well known company (a closed corporation until 1953) offers astute investors one of those opportunities which is not often available. The name of the company? Hagan Corporation.

Hagan Corporation stock is primarily for those who seek an investment in a good, ably managed company which has an unusually good record over a long period of years. Also, the primary purpose for the investment is potential capital gain.

This stock is traded over-the-counter and is currently quoted at about 24.

BRADBURY K. THURLOW

Partner: Osborne & Thurlow
New York City

Inspiration Consolidated Copper

If the market history of the past two years is ever written it should not fail to point out that one of the outstanding areas of misunderstanding where both investors and corporations have failed to recognize the facts of life has occurred in the copper industry. Amid a steady stream of dire predictions pointing to imminent overproduction and price collapse the price of copper in the world market has risen 50% while the metal itself has headed the list of critical and chronic shortages. The recent strike of Phelps Dodge and Kennecott mines, which should be followed by yet another increase in copper prices, together with new ominous rumblings from Chile, may finally hammer the point home that the outlook is not as bad as everyone has been saying and bring about a long overdue adjustment in the market prices of leading copper equities.

B. K. Thurlow

Of these the outstanding value, in my opinion, is *Inspiration Copper*, currently selling at around 53 to yield around 9½% on an estimated $5 dividend. The company earned $1.38 in the first quarter and should show around $1.80 for the three months just ended. Earnings for the year should range between $6.50 and $7. The principal property is a low-cost open pit operation in Arizona with probable reserves of 15 to 20 years' production. Production costs are thought to be in the neighborhood of 18 cents a pound, a figure which is apparently only bettered in this country by Kennecott's Bingham Canyon and Phelps Dodge's Morenci operations. It is estimated that the present property would cost $80,000,000 ($66 a share) to duplicate.

Under Anaconda's control (exercised through ownership of 28% of the stock) *Inspiration's* metallurgy and engineering have been outstanding. The company has progressed from a high cost underground operation to a highly efficient, modern producing unit, in which process it has accumulated approximately $19 million in cash. Unfortunately until very recently the association with Anaconda brought *Inspiration* none of the benefits of the larger company's extensive exploration program and *Inspiration* long suffered under the reputation of being a captive property which would be ultimately mined out and liquidated.

Since the beginning of the year, however, events have taken a new turn with the company's announcement that it might invest as much as $8 million in properties known as the Christmas and New Year Mines, which it now has under option. These properties have apparently been under exploration for some time, and are said to contain high grade deposits of 3½% copper. Owing to the reluctance of companies to state new reserves because of Arizona property taxes, it is difficult to estimate the size of the new properties, but presumably their ultimate value should justify *Inspiration's* proposed investment.

With this background, *Inspiration*, which has been untouched by the recent strike, seems to be selling far below its proper investment value in the current market. For high yield and unusual capital gains opportunities over the next few months this good quality stock has, in my opinion, few competitors.

COMING EVENTS

In Investment Field

Aug. 18-19, 1955 (Denver, Colo.)
Denver Bond Club annual outing at Park Hill County Club

Sept. 11-14, 1955 (Mackinac Island, Mich.)
National Security Traders Association annual convention.

Sept. 16-17 (Chicago, Ill.)
Investment Bankers Association Fall meeting of Board of Governors.

Sept. 16, 1955 (Philadelphia, Pa.)
Bond Club of Philadelphia 30th Annual Field Day, at Huntingdon Valley Country Club, Abington, Pa.

Sept. 21-23, 1955 (Denver, Colo.)
Association of Stock Exchange Firms meeting of Board of Governors.

Sept. 22, 1955 (Omaha, Neb.)
Nebraska Investment Bankers annual field day at the Omaha Country Club—to be preceded by a cocktail party Sept. 21.

Nov. 16-18 (New York, N. Y.)
Association of Stock Exchange Firms meeting of Board of Governors.

Nov. 19, 1955 (New York City)
Security Traders Association of New York cocktail party and dinner dance at the Hotel Commodore.

Nov. 27-Dec. 2, 1955 (Hollywood Florida)
Investment Bankers Association annual Convention at Hollywood Beach Hotel.

A Realistic Look at Interest Rates

By ROBERT VAN CLEAVE*

Assistant Vice-President, C. F. Childs & Co.

Pointing out government spending and capital investment is likely to continue to grow in the near future, and thus create an increasing demand for investment funds, Mr. Van Cleave holds this should mean a gradual tendency toward higher interest rates, though at times there may be set-backs. Says interest rates are closely tied to business fluctuations, and "you don't need to worry much about mortgage interest rates weakening."

To begin I should like to invite your attention to the fact that we are now living in a dynamic economy—a growing, expanding, economy. The stagnation period in t e decade of the 1930's is behind us, and a period of new growth has set in.

That sounds suspiciously like the declaration of those who proclaim another new era. Being skeptical and realistic, I have to admit some doubt about the reality of a genuine new era. Nevertheless, I do believe the present era is sufficiently different so that for a considerable number of years ahead we don't have to worry about whether it is permanent or not. Political and sociological developments in past years have brought about some important changes in our whole set-up.

Government's Larger Role

Why is it dynamic and growing? To a substantial degree, it is because government, Federal, state, and local—plays a bigger part than it used to do. Personally, I should like to see that part decreased. I believe that smaller taxing and spending, leaving more income for the citizens who earned it to spend as they choose, would produce still better results.

But being realistic, we must grant that there is no foreseeable likelihood that total government spending will be reduced very much. It is much more likely to grow. Some people thought, near the end of 1952, that a new Administration would withdraw the Federal Government almost completely from economic activities, and that it what they thought would be a mad pursuit of a "sound dollar" it would certainly bring on a depression. They were wrong. No Administration likely to be elected these days can be imagined as doing any such thing. And with that demonstration of the effect of a change in Administration before us, one hazard is removed.

Confidence in the Future

Another very large element in our present dynamism depends in part upon the first. It is confidence in the future, which is felt by almost every one. Personal income, more widely distributed than ever before, are rising. More particularly, disposable income is rising, and a smaller part of it is being devoted to saving. Disposable income is what remains after taxes; saving, in this concept, is what remains of disposable income after expenditures for consumption goods.

Personal saving in the first quarter of 1954 was $21.8 billion, or 8.6% of disposable income. In the first quarter this year it was $18.7 billion, or 7.2%. In the whole year 1941 it was 11.9%, in 1953, 8.0%, in 1954, 7.7%.

Broadly speaking, a very wide confidence exists that governments hereafter will not permit depressions to occur; moreover, there is an implicit faith that governments have the power to prevent them. Whether this is so or not has little to do with the question. It is the belief that it is so that is important, and that belief must be recognized as a potent force in maintaining confidence.

With more persons having more spendable income than ever before, and with the confident belief that those incomes are going to continue large and rising, people generally are willing to spend rather freely the money they have, and to borrow for additional purchases on top of it. Personal consumption expenditures now are about two-thirds of total GNP. On the point of consumer borrowing, in passing, I think we should note that total consumer debt is not a static thing, in which increases mean that the same borrowers are becoming continuously more heavily burdened with debt. We should keep in mind population growth. New citizens are becoming adult borrowers all the time, and some old borrowers are paying off debts at the same time others are incurring new ones.

New Developments

Still another factor in this new dynamism is applied science, research, technology. There is no need to re-itemize the new products and methods which have been introduced since the war, and which are now producing a flood of things which are completely new. New resources are being developed, and new uses are being found for the old. Petroleum, for example, was not a resource until somebody found a use for it, and neither was uranium.

Capital Spending

All these things require money —vast amounts of it. The money is spent, and it flows into the hands of all those who take part in the production process. It supplies, in short, a part, and a considerable part, of the consumer purchases on top of it. Personal income mentioned earlier.

Producers, manufacturers, entrepreneurs, are willing to spend great sums of money for these

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*A talk by Mr. Van Cleave to the Michigan Savings and Loan League, Mackinac Island, Mich., July 22, 1955.

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Atlas Powder for Dynamite and Dynamics

By IRA U. COBLEIGH
Enterprise Economist

Containing current comment about an attractively priced chemical equity selling at a modest price/earnings ratio.

The word "Atlas" has been variously associated with a mythical character holding up the world with his head and hands; a book of maps; and a mountain range in North Africa. The Atlas we're going to talk about today, however, is none of these, but a powder company—Atlas Powder Company — a somewhat specialized, moderate sized chemical company, that appears on the verge of a new expansion in earning power.

Ira U. Cobleigh

Forty-three years ago, a Federal Court decided that there was too much concentration of the manufacture of explosives contained in the du Pont Company so it decreed a separation of the business into three unrelated and competing corporations—du Pont, Hercules Powder Company, and Atlas Powder Company. Du Pont managed to struggle along in its own quiet way, after this Federal fission, to become the largest and most important chemical enterprise on the face of the globe, while Atlas held the globe and Hercules profitably flexed its renowned muscles. The junior members of the team, while vastly outdistanced by dazzling du Pont, have given through the years, a most creditable account of themselves; and Atlas, the topic for today, promises to hit an all-time high in sales and net earnings in 1955.

This visible improvement and accelerated forward motion in Atlas Powder stems from an aggressive new management echelon which, in the past 36 months, has referred many major assignments in planning, direction, and decision down to the level of plant manager. This vitalized and energized management, combined with extensive and imaginative research, plus recent sloughing off of lines not in the main stream of Atlas progress, have given a decidedly new look to this company and its prospects for enlarged profitability.

Let's begin with the traditional. Atlas started out as a powder (detonating not dusting) company, and today ranks among the three largest manufacturers of industrial explosives, serving about 20% of the market. And, in case you think of explosives as mostly a war item, consider the varied peacetime uses of dynamite in coal mining and mineral extraction, quarrying of limestone, granite, marble, etc., blasting for highways, railways, dams and tunnels; and most recently in seismographic petroleum exploration. And can you imagine a "Western" movie without a stick of dynamite to blow up a corral or a bridge? Yes, in peace or war, explosives are important and Atlas is important in explosives.

The Explosive Division of Atlas turns out the standard items, dynamite of ammonia and nitroglycerine, and blasting gelatins, together with equipment required to set the stuff off. Atlas also turns out TNT at a government owned plant at Chattanooga, Tenn., on a fixed annual fee basis. Ammonia is one of the essential base materials for explosives and Atlas would clearly benefit if it produced (instead of purchasing) its own ammonia requirements. To that end plans are afoot to build an ammonia plant, outside of Philadelphia, under an arrangement with Alan Wood Steel Co., for developing the required hydrogen from coke oven gases. All other major manufacturers of explosives produce ammonia, and some analysts have calculated that Atlas would receive net benefits in the order of $750,000 a year from economies stemming from such an internal ammonia supply.

Another element in explosives is usually glycerine. Here Atlas has an advantage since it uses Sorbitol instead. This Sorbitol (which we'll explain in the next paragraph), is produced by Atlas, is cheaper than glycerine and does the job just as well; which leads us to the second major division at Atlas, Industrial Chemicals.

The principal product in this division is Sorbitol, created, and still produced solely by Atlas. Sorbitol (which tells you little from its name) is a polyhydric alcohol made by the hydrogenation of corn sugar. It is a basic raw material competitive with glycerine, and is also used as a humectant, i.e., it controls moisture content. Combine it with fatty acids, and you get detergents and emulsifiers. It can also be used in the making of oil additives, and plasticizers. About 20% of this Sorbitol output goes into explosives; the balance is used chemically in many industries such as food, drugs and cosmetics.

A third major earner for Atlas is the line of Darco products. These are activated carbons, turned out in an enlarged plant at Marshall, Texas. These carbons are able to remove and delete undesired tastes, smells, colors or impurities from liquid solutions. Sales of these activated carbons are moving rapidly ahead.

In March, 1955, Atlas sold its lacquer and industrial finishes business to the Glidden Company; and its Revolite Division, making laundry roll covers was sold in April to Raybestos-Manhattan Inc. Together, these lines brought in 9% of gross in 1954. The industrial finish line had been delivering meager or no profits for some time. The Revolite line, while profitable, was not closely allied to the main endeavors of Atlas. Finally in May, Atlas bought Parke Thompson Associates, designers of boosters and fuses for ordinance. This is a line that definitely fits into the Atlas picture.

Having briefly cataloged Atlas activities, what can we now say about finances, earnings and expenditures? Well (in reverse order), over $25 million was spent on plant modernization and expansion in the postwar period up to January, 1955. About 80% of this outlay came from retained earnings and depreciation. Some $4 million more will be spent in 1955, not counting the proposed anhydrous ammonia plant, mentioned earlier.

Per share earnings are just a little bit confusing since, on Dec. 31, 1954, there were 589,000 common shares outstanding on each of which $4.05 was earned for the year 1954. Since then (July 5, 1955) the prior issue of 4% convertible preferred was called for redemption, a step propelling conversion into common (at the rate of 2⅔ shares of common for each share of the called preferred). The final result will be 730,000 shares of common extant, no preferred, and long-term debt of $4,706,000.

First half results for 1955 make sweet reading for Atlas shareholders—net earnings up 33% (an annual rate of $60 million) on a sales increase of but 4%. These figures suggest earnings on the common for the full 1955 year of perhaps as much as $4.50 a share (on present capitalization), and indicate the possibility of some dividend boost, above the present $2. Atlas, by custom, has delivered around 60% of net to stockholders in cash dividends. Somewhere around $2.50 looks possible for this year; in which event the yield at 62 would be 4%, very good indeed for a chemical, particularly with such impressive vistas for growth. Moreover, Atlas is selling no more than 14 times current earnings — again, definitely out of line with chemicals of comparable strength stature and future.

In a market where many of the "blue chips" are now selling at Chippendale prices, those seeking sound interior decor for their strong boxes might well take a look at Atlas Powder. It's an issue that hasn't gone crazy pricewise, and still reveals discernible elements of undervaluation. It has paid dividends for 21 years in a row, prepares for the future by spending $1¼ million a year on research, and has above $12 million in working capital. Atlas may not be an explosive performer in the market; neither is it at all likely to blow up in your face!

R. W. Bull Director

Robert W. Bull, Jr., partner in the firm of Jacobs & Low, members New York Stock Exchange, has been elected a director of both Western Gold & Uranium, Inc., and of its subsidiary, Golden Crown Mining Co. Both companies are engaged in exploration and development of properties for production of uranium, silver, lead, zinc and other metals.

The State of Trade and Industry

Steel Production
Electric Output
Carloadings
Retail Trade
Commodity Price Index
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Auto Production
Business Failures

Overall industrial output in the period ended on Wednesday of last week recovered from the vacation letdown of the past two weeks. It remained noticeably above the level of a year ago. It was reported that most materials were in plentiful supply, although some shortages of building materials, copper and aluminum continued. Reflecting the gains in industrial output and the rise in air-conditioning, electric power production rose to a new all-time peak the past week.

Steel production rose to the highest level in four weeks. At 94% of capacity, steel output was only three points below the record level reached in May. Some declines may occur next month when auto plants begin to close for model change-overs.

Initial claims by newly laid off workers for unemployment insurance payments dropped by 52,300 to 230,300 during the week ended July 16, the United States Department of Labor reported.

The decline in new claims was reported by 31 states and is attributable to a tapering-off in plant shutdowns for vacation periods, the department noted. A year ago, initial claims totaled 311,400.

During the week ended July 9, a total of 1,119,600 workers were receiving state unemployment insurance payments compared with 1,059,800 the preceding week and 1,918,800 during the week ended July 10, 1954.

In the steel industry this week customer relations are at low ebb. Consumer complaints over deliveries and allotments have steel sales executives in a quandary with the situation complicated by top-level customers knocking at the door making a bid for their share of the available steel, reports "The Iron Age," national metalworking weekly.

The situation has been building up over the last several months. The short steel strike brought it to a head. But the strike is only part of the story, since other contributing factors are the continued heavy volume of incoming orders, excessively hot weather and maintenance.

The railroad carbuilding program, now gathering a full head of steam, couldn't have come at a worse time, it adds, stating that it has cut into the available supply of plates, sheets and structurals already in urgent demand from other consumers. Furthermore, it continues, railroad buying will extend well into 1956 at a high level. A heavy car repair schedule is adding to the problem.

Within coming orders running as much as 20% above capacity at some of the large mills, producers are finding it hard to maintain ingot production. A rate of 94% is estimated for this week, 3½ points above actual production last week. But actual production has been falling behind estimates since the strike ended, "The Iron Age" concludes.

United States car and truck production was expected to top the 200,000 mark again the past week, reflecting record output on tap at General Motors, plus 6% and 17% gains over a week ago at Ford Motor Co. and Chrysler Corp.

"Ward's Automotive Reports" estimated July 18-23 manufacture at 174,944 cars and 27,286 trucks or some 3.6% above last week's completions of 167,473 cars and 27,668 trucks and less than 7% under the all-time weekly peak of 216,629 cars and trucks produced in the week ended April 30, 1955.

July projections, meantime, call for 658,800 cars and 112,000 trucks, but current production is headed nearer to 676,000 and 108,000, respectively, it states. General Motors has accounted for most of the increase and is now running almost 15,000 cars above its goal for the month. Saturday programs have aided the upturn.

The past week six-day operations also were booked at Chrysler division, 13 Ford, including the new Mahwah, N. J. site and two Mercury plants.

Elsewhere, Studebaker was idle on Monday and Tuesday (July 18 and 19), due to wildcat strikes at South Bend, while Kaiser, Willys and Lincoln car output was down all week. The latter manufacturer is still in changeover, it reports.

Truck erecting showed some easing the past week as Chevrolet, Ford and International lowered programs slightly. Dodge and GMC were among other builders booking modest gains.

Nevertheless, last week's truck pace was equivalent to a 1,400,000-unit annual rate, while car production equalled a 9,000,000-plus annual turnout.

To date in the year the industry has built almost 4,764,243 cars and 724,646 trucks, compared with counts a year ago of 3,294,770 and 615,874. Combined car-truck operations are up 40.4%, "Ward's" pointed out.

Aided by a sharp upward spurt at New York City and sustained activity throughout the rest of the country, the volume of building permits for June and for the first half of 1955 broke all previous records, Dun & Bradstreet, Inc., states.

The dollar value of June permits in 217 cities, including New York, rose to the unprecedented total of $687,306,183. This represented an increase of 31.4% over the $523,169,936 in June 1954, and a gain of 21.6% above the May figure of $565,327,637.

For New York City alone, building plans were filed during June with an estimated cost of $149,080,484. This was almost four times the year-ago sum of $39,149,744, and more than twice the May volume of $65,782,634. The sharp upsurge at the Metropolis reflected the filing of plans for several large housing projects and office buildings and the Palace of Progress to be erected on the site of the Pennsylvania Railroad terminal at a cost of over $50,000,000.

Steel Output Scheduled at An Increased Rate This Week at 94.6% of Capacity

Steel demand shows surprising vitality for this season, says "Steel," the metalworking weekly, the current week.

Usually, consumer interest lags about this time of the year,

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Europe on the Wrong Path

By ALBERT HUNOLD
Schweizerisches Institut Fur Auslanderforschung, Zurich, Switzerland

Prominent European economist reports that while the fight to compel competition still continues in Germany and is beginning in Switzerland, forces to restrain trade are rampant in other European countries, especially France. Dr. Hunold maintains the anti-trust movement, deeply rooted in American philosophy, exerts no influence on European public opinion. Concludes if pressure groups and public laxity in Europe continue, the free economic system so essential for political and personal liberty is endangered.

ZURICH, Switzerland—"I think we are on the wrong way," said Dr. Ludwig Erhard, Germany's Economic Minister, at the general meeting of the Federal Association of German Industry at Stuttgart, when he referred to the actual situation in the discussion about anti-trust law in the German Bundestag. Originally projected as a law based on the prohibition principle, like the Sherman Act, the project has undergone a series of great and fundamental changes. The exceptions have become more and more the rule in the newest draft and have thus undermined the principle of prohibition.

During the whole year of 1954, a huge campaign sponsored by the big industrial organizations and pressure groups was launched against this law. Professor Erhard, the chief architect of the free market economy in Germany, has never left any doubt that he considers the anti-cartel law as one of the pillars of his economic policy and that there will be no free market economy without free prices. "Those who deny this," said he in a conference at Godesberg in November 1953, "are destroying the very principles of the economic order and are acting contrary to economic reason." He finished this statement by saying: "Those who want me as Economic Minister have to accept me for what I am and with me the prohibition of the cartels."

Opposition Active

Since this courageous statement, the opponents of Erhard's policy regarding anti-trust law have become very active: by a campaign in newly created newspapers, reviews and pamphlets sent without charge all over the country, not only the government, but also the representatives of an outstanding school of economic thought, such as the famous "Freiburg School," have been fiercely attacked. The result of this campaign and of a direct approach to the Bundeskanzler was a round-table conference of the Economic Minister and the Minister of Justice together with the Federal Association of German Industry, ending in a compromise loading the draft with even more exceptions to be tolerated. But things turned even worse, when the debate in Parliament began some weeks ago. Apart from the draft of the government, two other proposals were submitted, one from the cartel-minded industry and constructed on the abuse principle, the other from the author of the original government draft, Professor Franz Bohm, former Rector of the Frankfort University, who has become famous as negotiator between Israel and the German Government. As a result of these actions, the members of the Parliament had to deal with three quite different proposals, based on entirely different principles.

Swiss Comparisons

In the argumentation of the friends of cartels in Germany one finds often hints on the situation in Switzerland. They present this prosperous country, with its many cartels and trade associations, as a model for a reasonable economic order, having found a middle way between cut-throat competition on the one hand and rigorous restrictive business practices on the other. The fact that the greatest part of the industrial production of Switzerland is being exported and the home market is much less important than in countries like Germany, has been completely ignored.

In addition the Swiss are showing some dissatisfaction with restrictive trade practices of their cartels and recently they even launched a constitutional initiative against the abuse of economic power. This will soon be discussed in the Swiss Parliament and can be considered as a frontal attack on monopolies of any kind in this country.

While the battle about a law to enforce competition is still going on in Germany and is starting in Switzerland, forces to restrain trade are at work in other European countries, especially in France, where people are likely to use the model of the European Community on coal, iron and steel, in order to make similar arrangements for other industrial products on an international or an inter-European basis. It seems that the anti-trust movement, so deeply rooted in the philosophy of the American people, has had practically no influence at all on European public opinion. Europeans display very strange reactions to the American anti-trust policy. When they do not deny that the United States anti-trust policy had any effect at all, they attribute its success to the wealth or other economic differences of the United States. Furthermore, they argue, the anti-trust policy is not a proper method of smoothing out business fluctuations and that the anti-trust policy does not preserve the small and middle-sized business enterprises.

Basic U. S.-European Differences

But the real difference between Europe and the United States seems to lie in a different philosophy regarding competition and the treatment of restrictive business practices by the public power and not in a difference in the size or wealth between European countries and the United States. In Europe the self-regulating competitive market has never been widely understood or accepted. There is also a wide difference between European and American thought, as to whether price-fixing by cartels is an efficient or even desirable way of smoothing out business fluctuations. In Europe there is an inclination in favor of a pattern of free economy in which the interest groups and competitors can even abuse their power by restraining trade against the interests of the consumer; while the fundamental interest in the United States lies in upholding a really functioning economic order and a sensitiveness concerning the misuse of economic power. It would be hard work even to convince European consumers that the United States' policy lies in the interests of the community and can be considered as one of the secrets of American efficiency and economic progress.

When businessmen in Europe, and especially in Germany, are conservative they tend to go to the other extreme of being too conservative. They do not want any control at all and are in favor of a *laissez faire* system in its extremest form. They do not seem to realize that if competitive discipline of their behavor is not maintained that there will be all-over governmental discipline.

A typical example of this difference of philosophy regarding the economic order and function of the public law and the administration is an editorial which appeared in a newly created "Monthly Review For A Free Economy Policy," just published at Frankfort. The editor of the journal, a passionate partisan of a free economy, mentions that before the first World War, an Economic Minister did not exist in any country of the world and that nobody knew even the meaning of economic policy and the world was much better off. One may ask the author of this editorial who then made the restoration of the German economy; or was it not "economic policy" when Professor Erhard, in 1948, abolished at one single blow, price control in Germany, a revolutionary act which will undoubtedly go down in economic history.

Europe At a Crossroad

Germany and other European countries have arrived at a crossroad: If the pressure groups on the one hand and the lack of vigilance of the public on the other will neglect the maintenance of a competitive order, the outlook for further developments in Europe will not be optimistic. For in the long run it seems clear that a free economic system is an essential basis for political and personal liberty. Professor Bohm may certainly be right, when he concluded a lecture in the Swiss Statistical Society four years ago by saying: "I believe that the historical events of recent times, and especially the destruction of political freedom, should compel us to take the greatest care of a free economic order and to prevent everything which would injure or hamper the elasticity of the free society and could diminish the degree of freedom in our world."

$52 Million Issue of Ohio Thoroughfare Bonds Marketed

A syndicate headed by Blyth & Co., Inc.; Lehman Bros.; Halsey, Stuart & Co. Inc.; and B. J. Van Ingen & Co., Inc., made public offering on July 25 of a new issue of $52,000,000 State of Ohio Major Thoroughfare Construction bonds, series B, bearing interest rates of 6%, 2%, 2.10% and 2¼%. The bonds mature semi-annually from March 15, 1956 to Sept. 15, 1972, and were offered to investors at prices to yield from 1.25% to 2.35%, according to coupon rate and maturity.

The current issue of $52,000,000 in series B bonds is the second instalment of an authorized $500,000,000 in State of Ohio bonds to be sold to provide adequate highways, including the acquisition of right-of-ways, and including participation by the Federal Government, municipalities, counties and other governmental subdivisions. Not more than $125,000,000 in bonds may be issued in any calendar year, and no bonds may be issued after March 31, 1962.

Payment of principal and interest on these bonds as well as the previously-issued series A bonds is to come solely from fees, excises and license taxes levied by the State on vehicles and fuel. The Constitution provides that a sufficient amount thereof shall be set aside each year for debt service.

Hasselbach Opens

ST. LOUIS, Mo. — Clarence E. Hasselbach is engaging in a securities business from offices at 611 Olive Street.

Observations . . .

By A. WILFRED MAY

EDUCATION ON CURRENCIES

With the approach of an ever increasing number of countries to convertibility, and the legitimization of three-cornered clearing deals, Franz Pick, a foremost authority on currency vagaries, switches his annual educational contribution from his "Black Market Yearbook," which has been an annual feature for the past five years, to the "1955 Pick's Currency Yearbook." *(1955 Pick's Currency Yearbook — compiled and edited by Franz Pick. 395 pp. $35. Publisher: Pick's World Currency Report, 75 West Street, New York 6. N. Y.)*

A. Wilfred May

This new manual, planned as an annual service for financial organizations, governmental institutions, financial research bureaus, and individuals working in currency trade, contains detailed analyses of 74 of the world's leading currencies. Starting with the Afghanistan Afghani and ending with the Yugoslav Dinar, the new Bible exhibits the most exhaustive research into both the history and present status of the currency values which are an integral determinant of the flow of international trade. The highly complicated system of more than 1,000 clearing or switch currencies, prevalent in both capitalistic and collectivistic monetary systems is described in detail. The full facts, including the transactional centers of clearing currencies, and the 224 principal switch varieties dealt in with their discounts from the official parity, are specifically reported. Such dealings account for at least two-thirds of the effective world trade, it is said. A complete list of all existing trade and payment agreements, many of which are really barter treaties, are included.

An Unusual Trade Directory

The second part of the volume is occupied with a unique trade directory. The names of the heads of foreign departments of leading banks in the free world, together with the names of principal currency, gold, and clearing dealers of such institutions and their cable addresses, teletype numbers, are listed, to form a most unusual source for international trade contacts.

The book fundamentally describes via cold factual analysis, two motivations: first, the desire of governments to keep their currencies without fluctuation of purchasing power and to grant as much monetary freedom as possible; and second, to finance the needs of government through politically expedient devices, as printed paper money with declining purchasing power.

The author offers the conclusion to his vast studies, to the effect that currencies, which have become socialized since the institution of controls in Germany in 1914, remain stable and constant in value for only very short periods.

In commenting further on his objective statistical data, Dr. Pick maintains they do not give much hope for the improvement of currency ethics. "Currencies have always died and will continue to die," he says. "Being organic in spite of their abstract character for the average person, like human beings they pass away. Therefore, if those who guide their destiny could gather the courage to let this truth be known, instead of constantly dispensing optimistic interpretations of monetary problems, much of political hypocrisy would cease to exist."

A conclusion of interest, as is the entire volume, to a public ranging from the currency specialist to the investor—domestic as well as international!

* * * * *

TOWARD A STOCKHOLDER'S SECRET BALLOT
(A Communication)

We are glad to publish, as of timely interest, the following specific proposal from Lewis D. Gilbert on the proxy mechanism, which is under Congressional examination—irrespective of our agreement or disagreement:

DEAR MR. MAY:

The recent communication to your column from Wilma Soss offering "New Queensberry Rules" for improving the proxy fight ground-rules, is most timely. The newspapers indicate this week, for example, that no less than three important big-board corporations are facing such contests in the near future.

I am firmly convinced that the suggestion for a secret ballot

Continued on page 16

Economic and Financial Aspects Of Productivity Measurement

By ALLEN W. RUCKER*

President, The Eddy-Rucker-Nickels Company
Management Consultants, Cambridge, Mass.

Mr. Rucker, in his discussion of productivity, covers its meaning, its measurement, and its industrial future. Lists the dynamic factors in productivity, as well as the factors in determining manufacturers' operating margins above labor costs. Holds it is a rare firm, indeed, which does not tend continuously to pay to labor a nearly constant share of its production value. Cites uses of proper measure of productivity, and sets down as a method to be employed in collective bargaining: (1) determination of your standard labor share of production; (2) make comparison of present year's score with it; and then, (3) add in the union's demand, and thus determine what increase will result therefrom in labor's share, and (4) thus find the required increase in price or productivity to balance wage increases.

Ours is a world destined perhaps forever to be full of people with unlimited wants, but always with limited means of supplying them. In this world, Canada has made an outstanding record in the past five years. Here manufacturers have lifted output more than twice as fast as the growth of population; at a rate fast enough to double your output in less than 15 years during which population will grow some 30%.

Allen W. Rucker

At this rate, Canadians will be living twice as good as now in about 20 years; half again as good in 10 years. But it is even more remarkable that you have made this record in a time of serious **relative** labor abortage. Your population has been growing almost twice as fast as your labor force —every worker must support more people and these people wanting ever more than their fathers had. This relative labor shortage will continue for perhaps 15 to 20 years. For the babies who have been born in the past five years will not become self-supporting for another 15 to 20 years. You will want to remember this one fact: all the people who will go to work in the next two decades have already been born. Assuming no great increase in net migration to Canada, you need all the productivity per worker you can get. We have a similar problem in the United States. So I have no fear of "automation" except that we may not have enough of it. This is no idle phrase. For instance:

Both of our countries face certain inespacable necessities. The first is that our populations, yours especially, is growing much faster than your labor force, as just noted. This means that each worker will be supporting more people, either directly in his own family or indirectly in his contribution to the economy as a whole. This means that output per worker, or productivity, must be maintained at a high level and even increased by more capital investment and even automatic equipment.

A second necessity is that of avoiding an advance in the level of hourly wage-rates in excess of the gain in productivity. When that occurs, as it has in the recent past, manufacturing costs and the prices of manufactured products will likewise advance. To a nation with so large a portion of its national income dependent upon exports, advancing costs and prices could become a serious restraint upon the expansion of salable output, and hence, upon growth in employment proportionate to the increase in the labor force.

A third necessity is that of meeting the ever-mounting desires of our fellow human-beings for more, and still more, of the good things of life. This is a matter of lighter productivity, not a matter of higher earnings, either wages or salaries. Do workers understand this as well as management? A recent survey in the United States found 68% of men employees, and 72% of women employees, declaring they would have first an increase in the purchasing power of present wages, in preference to an increase in wages. We in management may actually be somewhat backward in our failure to emphasize this matter of buying power of wages, as against higher money wages. It is a matter of keeping wages in line with productivity. Let me illustrate:

Without identifying itself with its own figures, suppose each government in the world today submitted to us two indexes, that of its average hourly earnings in manufacturing and that of its manufactured goods prices. We could identify the private enterprise nations from the socialistic and communistic nations without any further information! Here is the rule:

It is a characteristic of private enterprise nations that the index of average hourly earnings always tends to rise faster than the index of manufacture prices.

Conversely, it is a characteristic of public enterprise nations, socialistic and semi-socialistic, that the index of average hourly earnings either just keeps pace with the price index, or falls behind it. The more socialistic or communistic the industrial system of a country, the greater the tendency of prices to run ahead of wages.

You may test the truth of this observation for yourselves. In Canada, for example, since 1949 the wage-rate index has risen to 140% of 1949, whereas the price index for manufactured goods has risen only to 112%. In the same period, American factory wage rates have risen to an Index of 136% (1947-49 as 100.0) while the price index has advanced only to 110%.

In Great Britain, in the same period or nearly so, the 1954 Index of weekly wages and that of weekly prices both stood at 136% (1948 as 100.0). But, and this is instructive, 1954 was the first year since the war that wage rates had risen to the level of prices; it has been only since England began to turn away from "social ownership of enterprise" that the purchasing power of wages has begun to rise.

We don't have adequate figures for Russia, for instance. But we know that twice since the war Russia has repudiated a high percentage of outstanding currency, and for the declared purpose of increasing the purchasing power of wages. In other words, the excessive issue of circulating media in order to support higher money wages is a snare and a delusion. It is a trap for government and wage-earner alike. Wherever this practice has gone to extremes, there one invariably finds an unstable and "weak" government. It is unstable and weak because it rests, or wobbles, on a base of stable or declining industrial productivity. There is no hope for a rise in the scale of living; the outlook is the dismal one of sharing a stationary or near-stationary industrial output with an ever-larger number of new mouths to feed, and bodies to clothe and house. Only a rise in productivity and hence total output, faster than the increase in population can bring about the degree of social tranquility necessary for stable political system. There must be a price level that is declining relative to wages, i.e., prices must not advance as fast as wages, or there can be no improvement in purchasing power and the scale of living.

Only an increase in productivity can make possible a rise in money wages **faster** than prices, i.e., bring about a gain in the purchasing power of wages. This latter result seems to be the peculiar and incalcuably valuable "secret weapon" of private capitalism and private enterprise.

I am appending to this talk a table comparing the productivity in manufacturing of Canada and the United States. This same table also shows the respective wage-rate indexes for our two countries, along with population and labor force growth, industrial output, prices, and the purchasing power of labor. For those, you may wish to know, are the dynamic factors in any economy.

From these remarks, and from the data in this table, it is easy enough to see the social meaning of productivity. But there is also a business meaning. Briefly, it is this:

The greater part, in deed the overwhelming part of our operating costs represent "wages and salaries." Even the raw materials we buy from others comprise chiefly labor costs in the extractive industries, or in the semi-manufactures. So it is not surprising that a nation's cost of manufacturing is largely a matter of "labor cost." It is small wonder that controllers pay such close attention to "labor cost." But there is more to it, in a national sense.

I have found, for example, that I can construct a very good index of overall labor costs for all manufacturing combined, simply by dividing our Federal Reserve Board Index of Production into our Bureau of Labor Statistics Index of Factory Payrolls. If you have a reliable Index of Physical Output for your own firm, you need only to divide it into an Index of Payrolls for your plant, and you have an Index of Labor Costs. When this is done for our United States figures, it turns out that the Index of Factory Labor Costs is almost exactly the same as the Bureau of Labor Statistics Index of Prices!

If this seems surprising, one needs only to ask "but why not, what else would you expect?" And, upon reflection, we realize that basically our methods of price estimating trace back in essence to percentage mark-ups on labor cost of our products, for the most part.

And, of course, the labor **cost itself** is a combination of (a) hourly wage rates and (b) units per man-hour. If we trace the thing far enough we begin to see emerging a more or less generalized formula or equation, one that enables us to unify or integrate the whole process and say:

(1) Labor costs increase in direct proportion to the increase in hourly wages, and inversely proportionate to the improvement in productivity per man-hour.

In other words, as we use fewer man-hours because of more output per man-hour, we trend toward counterbalancing the increase in hourly wages by a proportionate reduction in hours paid. If you want to make a note, let me take this example from the table of dynamic factors previously referred to. For the United States, the wage rate Index advanced in 1954 from a base of 100.0 to 135.9. Improved productivity prevented that from being entirely reflected in a price rise of equal proportions: productivity rose from 100.0 to 123.2. So, following equation (1) above, we divide the advance in wage rates, 135.9 by the productivity index, 123.2, and we forthwith find our Index of Labor Costs per Unit of product. It is 109.2. As the table also shows, this index of labor costs is almost exactly the same as the B. L. S. price index, which was 110.3.

I suppose that we may also do the same thing with the excellent figures published by the Canadian Bureau of Statistics. So I have included the corresponding Canadian figures in the table referred to.

All this, however, is simply to demonstrate the vital importance and the true meaning and significance of productivity. This meaning applies both in busines, and also socially and politically.

But, why is not more use made of these vital facts? There are probably many reasons, but I suspect that most of them stem from one central deficiency. We do not have a single clear meaning of productivity; we talk about it but we often mean different things and we keenly miss the necessary means of measuring it.

Productivity — Its Measurement

Some 10 years ago, at a panel meeting of the National Industrial Conference Board, I ventured to say that most of us did not know what we are talking about when we use the term "productivity."[1] I did not say this correctly; most of us do know what we are talking about—the trouble is, we don't know what the other fellow means, and usually he doesn't know what we mean. Just what is "productivity" and how shall we measure it so that it means the same thing to all of us? Especially, how shall we express it in terms that both management and labor will understand as meaning the same thing?

Well, we can begin where everyone begins. Productivity is the ratio of output of goods to the input of what? We can insert in this blank space, input of "capital," of "electrical energy," of "materials" of "management brains" or, as most do, input of "labor." Let's take the latter, but with the foot-note that we certainly are not measuring the increase in worker-effort or even efficiency alone. What we are measuring is perhaps best described as "effectiveness of labor utilization." This effectiveness, in turn, is the combined outcome of better tools of production, better methods of production, and better human teamwork in production.

If we are safely over this immediate difficulty, we are confronted by **another**. We say "greater output of goods" but how do we measure that?

Does this seem to be a naive, even stupid question? Well, let's ask ourselves another: what is our unit of measure for a cotton or woolen mill, making say two hundred different constructions of fabric, some of which are sold in the gray, others are bleached, and then printed or dyed. Is the yard or the pound a real measure when one yard may be processed only to the point of gray goods, and another to five-color printing?

The same difficulty appears in any multi-product plant. Take shoes, for example, and let's even say "men's Goodyear welt dress shoes." A shoe manufacturer finds himself making fifty, a hundred or even five hundred different styles, each with a different amount of foxing and stitching for the uppers, some with plain toes and others not; some with cloth linings, with leather linings, or no linings at all. Nor does the difference, with respect to man-hours of labor used, end there. How then can we measure our output simply in "pairs" finished and packed? If "pairs" is not a measure of output relative to labor man-hours input, or payroll dollars input, then what is?

This same difficulty confronts us in every industry, even in the plant making a single product. For the product tends always to be improved by some change of specifications. Today's nylon hosiery is something quite different from its progenitor; and today's Buick or Ford is also different from that of even last year, let alone five or twenty-five years ago. What physical unit can we use?

When we come right down to it, it is so hard as to be impossible to find a satisfactory "physical"

Continued on page 24

*A paper presented by Mr. Rucker before Eastern Conference, Controllers Institute of America, Toronto, Canada.

1 Rucker, Allen W., "What Is Productivity?" National Industrial Conference Board, New York, February, 1946.

TABLE I

Dynamic Factors in Productivity

All Manufactures Combined—1954
Canada and the United States Compared

	Canada Index Nos. 1949=100	Canada Rate of Growth	United States Index Nos. 1947-49=100	United States Rate of Growth
1. Population	113.9	2.8%	110.2	1.7%
2. Labor force	107.5	1.6	107.0	1.2
3. MANUFACTURING OUTPUT	‡133.3	†5.9	†126.5	†4.0
4. Man-hours employment	106.5	1.3	101.8	0.3
5. PRODUCTIVITY per M/H	*‡125.1	†4.6	†123.2	†3.6
6. Payroll, production workers	150.0	8.4	138.2	5.6
7. Wages, average hourly	140.8	7.1	135.9	5.2
—purchasing power	125.1	4.6	123.2	3.6
8. Labor costs per unit	*‡112.6	†2.4	†109.2	†1.5
9. PRICES, manufactures	112.6	2.4	110.3	1.7
10. Prices, relative to hourly wages	*79.95	—4.5	80.4	—3.6
11. RUCKER near-constants: §				
Labor's share of production	n.a.	--	†39.749%	--
Management's shr. of product'n	n.a.	--	†60.251	--
Production value per $1 wages	n.a.	--	†$2.516	--

SOURCES: Index numbers except those marked (*) from Canadian Bureau of Statistics, and U. S. Department of Commerce, respectively.
*These index numbers derived by means of Rucker near-constants.
†Preliminary, subject to later revision.
‡Projected in absence of complete data.
n.a. Data not available; approximately same as U. S. A.
§Established from U. S. Census of Manufactures, 1914-1947. The long-term Rucker near-constants are (a) Labor's Share 39.395% (+ or — 1.663%); Management's Share 60.695%; Production Value per $1 wages, $2.538. See Report, "Progress in Productivity and Pay, All U. S. Manufactures Combined," The Eddy-Rucker-Nickels Company, Cambridge 38, Mass. 1952.

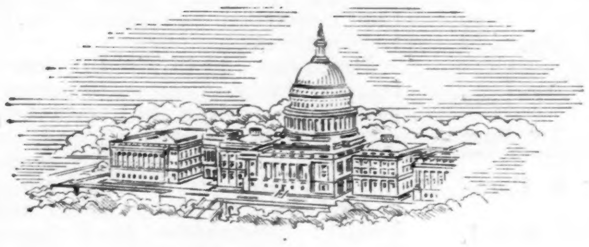
New Issues

$100,870,000

New Housing Authority Bonds

The Bonds of each issue will be secured by a first pledge of annual contributions unconditionally payable pursuant to an Annual Contributions Contract between the Public Housing Administration and the Local Public Agency issuing said Bonds in the opinions of bond counsel. Said annual contributions will be payable directly to the fiscal agent of said Local Public Agency in an amount which, together with other funds of the Local Public Agency which are actually available for such purpose, will be sufficient to pay the principal of and interest on the Bonds when due.

The United States Housing Act of 1937, as amended, solemnly pledges the faith of the United States to the payment of the annual contributions by the Public Housing Administration pursuant to the aforesaid Annual Contributions Contracts.

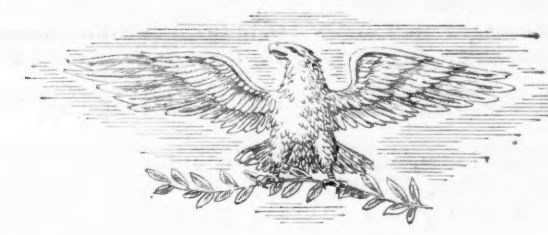


Quotation from an opinion of the Hon. Herbert Brownell, Jr., Attorney General of the United States, to The President of the United States, dated May 15, 1953:

"IN SUMMARY, I AM OF THE VIEW THAT: * * * A CONTRACT TO PAY ANNUAL CONTRIBUTIONS ENTERED INTO BY THE PHA[1] IN CONFORMANCE WITH THE PROVISIONS OF THE ACT[2] IS VALID AND BINDING UPON THE UNITED STATES, AND THAT THE FAITH OF THE UNITED STATES HAS BEEN SOLEMNLY PLEDGED TO THE PAYMENT OF SUCH CONTRIBUTIONS IN THE SAME TERMS ITS FAITH HAS BEEN PLEDGED TO THE PAYMENT OF ITS INTEREST-BEARING OBLIGATIONS."

1 Public Housing Administration.

2 United States Housing Act of 1937, as amended.



Interest Exempt, in the opinion of counsel to the Underwriters, from Federal Income Taxes by the provisions of the United States Housing Act of 1937, as amended.

Legal Investments, in the opinion of counsel to the Underwriters, for Savings Banks and Trust Funds in New York and certain other States.

Bonds Issued by Local Public Agencies which are, or are located in:

Scale A

$14,060,000 Philadelphia, Pennsylvania 2½%

Scale B

$ 3,095,000 Hartford, Connecticut 2⅝%
9,415,000 Atlanta, Georgia 2½%
16,075,000 Baltimore, Maryland 2½%
12,960,000 Cincinnati, Ohio 2½%

Scale C-1

$11,735,000 New York City, New York 2⅝%

Scale C-2

$1,255,000 Athens, Georgia 2⅝%
1,190,000 Madison County, Illinois 2⅝%
7,680,000 New Orleans, Louisiana 2⅝%
2,400,000 Saginaw, Michigan 2⅝%
4,880,000 Norfolk, Virginia 2⅝%

Scale D

$5,910,000 Tampa, Florida 2¾%
6,645,000 Newark, New Jersey 2¾%
1,695,000 Trenton, New Jersey 2¾%
1,875,000 Columbia, South Carolina 2¾%

Maturities, Rates, Yields and Prices

	Scale A 2½%	Scale B 2½%	Scale C-1, C-2 2⅝%
1956	—	1.20%	1.20%
1957	1.35%	1.35	1.35
1958	1.45	1.45	1.45
1959	1.55	1.55	1.55
1960	1.65	1.65	1.65
1961	1.70	1.70	1.70
1962	1.75	1.75	1.75
1963	1.80	1.80	1.80
1964	1.85	1.85	1.85

	Scale A 2½%	Scale B 2½%	Scale C-1, C-2 2⅝%
1965	1.90%	1.90%	1.90%
1966	1.95	1.95	1.95
1967	2.00	2.00	2.00
1968	2.05	2.05	2.05
1969	2.10	2.10	2.10
1970	2.15	2.15	2.15
1971	2.20	2.20	2.20
1972	2.20	2.20	2.25
1973	2.25	2.25	2.30
1974	2.25	2.25	2.30

	Scale A 2½%	Scale B 2½%	Scale C-1, C-2 2⅝%
1975	2.25%	2.30%	2.35%
1976	2.30	2.30	2.35
1977	2.30	2.35	2.40
1978	2.30	2.35	2.40
1979	2.35	2.40	2.45
1980	2.35	2.40	2.45
1981	2.40	2.45	2.50
1982	2.40	2.45	2.50
1983	2.40	2.45	2.50

	Scale A 2½%	Scale B 2½%	Scale B 2⅝%	Scale C-1 2⅝%	Scale C-2 2⅝%	Scale D 2¾%
1984	2.45%	@ 100	2.50%	2.55%	2.55%	2.60%
1985	2.45	@ 100	2.50	2.55	2.55	2.60
1986	2.45	@ 100	2.50	2.55	2.55	2.60
1987	@ 100	2.55%	2.55	2.60	2.60	2.65
1988	@ 100	2.55	2.55†	2.60	2.60	2.65†
1989	@ 100	2.55	2.55†	2.60	2.60	2.65†
1990	@ 100	2.55	2.55†	2.60	2.60	2.65†
1991	2.55	2.60	2.60†	@ 100	2.65	2.65†
1992	2.55	2.60	—	@ 100	2.65	2.65†
1993	2.55	2.60	—	@ 100	2.65	2.65†
1994	2.55	2.60	—	@ 100	2.65	2.65†
1995	2.55	2.60	—	@ 100	2.65	—
1996	—	—	—	@ 100	—	—

(and accrued interest)

† Priced to the first date at which the bonds are callable at Par.

The Bonds of each issue will be callable ten years from their date at a call price of 104 and accrued interest, and thereafter, at the times and call prices, as stated in the Offering Prospectus.

The Bonds are being offered, subject to award, when, as and if issued and received by us, and subject to approval of legality, with respect to each issue, by bond counsel to the Underwriters. The offering is not made hereby, but only by means of the Offering Prospectus, copies of which may be obtained from such of the undersigned and other Underwriters as are registered dealers in this State.

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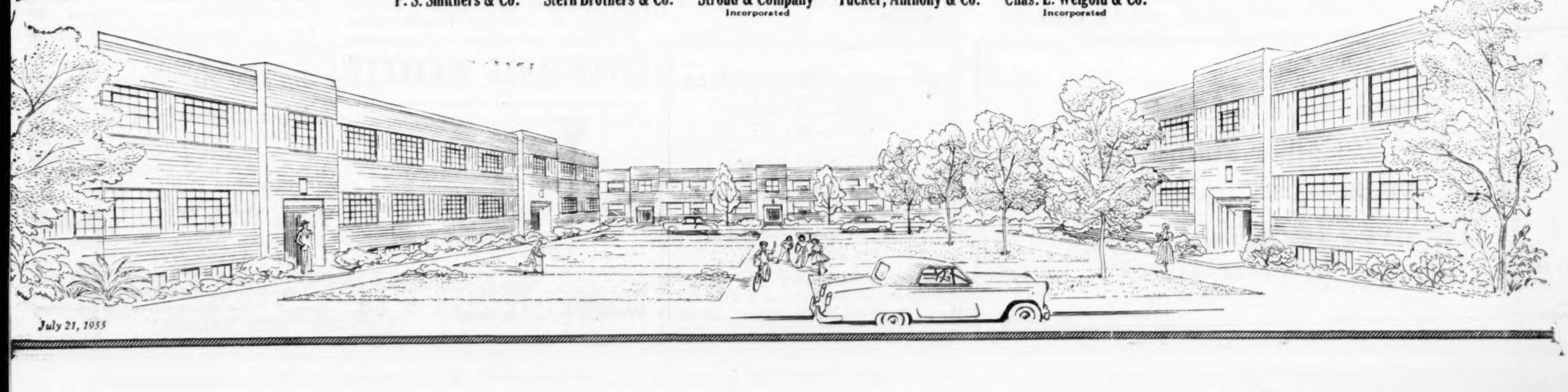

July 21, 1955

Dealer-Broker Investment Recommendations & Literature

It is understood that the firms mentioned will be pleased to send interested parties the following literature:

Atomic Energy Review—New booklet—Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

Atomic Map, in four colors (revised)—Describing and locating atomic activity of 97 different companies—Atomic Development Securities Co., 1033 Thirtieth Street, N. W., Washington 7, D. C.

Canada's Pulp and Paper Industry—Analysis—Nesbitt, Thomson and Company Limited, 355 St. James Street, West, Montreal, Que., Canada.

Canadian Letter—Fortnightly review of the Canadian Securities Market—Newling & Co., 65 West 44th Street, New York 36, N. Y.

Copper—Review—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

High Gain Situations—500 over-the-counter stock charts covering 343 industries, 77 utilities, 40 banks, 44 insurance companies with two years' weekly prices and annual ranges $8.75 per copy. From 1949—O T C Publishing Co., 14-F Elm Street, Morristown, N. J. Also available are free sample charts, complete stock list and folder.

Investment Opportunities in Japan—Circular—Yamaichi Securities Co., Ltd., 111 Broadway, New York 7, N. Y.

Iowa Southern Utilities Co.—Analysis—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Japanese-U. S. Taxation Conventions — Analysis — Nomura Securities Co., Ltd., 61 Broadway, New York 6, N. Y. Also in the same issue "Nomura's Investors Beacon" are discussions of **Bank Rates**, and analysis of **Business Results and Outlook**, and analyses of **Mitsui Chemical Industry Co., Ltd., Sumitomo Chemical Co., Ltd., Tokyo Gas Co., Ltd.**, and **Tokyo Electric Power Co., Ltd.**

New Highs and Lows in Japanese Industries—In current issue of "Weekly Stock Bulletin"—The Nikko Securities Co., Ltd., 6, 1-chome, Kabuto-cho, Nihonbashi, Chuo-ku, Tokyo, Japan. Also available is an analysis of **Nippon Toki Kaisha.**

New York City Bank Stocks—Comparison and analysis of 13 New York City Bank stocks for the second quarter of 1955—Laird, Bissell & Meads, 120 Broadway, New York 5, N. Y.

Northern New Jersey Banks—Current report—Parker and Weissenborn, Inc., 24 Commerce Street, Newark 2, N. J.

Over-the-Counter Index—Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 13-year period — National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

Petroleum Situation—Review—The Chase Manhattan Bank, Petroleum Department, 18 Pine Street, New York 15, N. Y.

Steel Stocks—Analysis—Osborne & Thurlow, 39 Broadway, New York 6, N. Y.

Tax Exempts—Analysis of pattern of interest rates—Park, Ryan, Inc., 70 Pine Street, New York 5, N. Y.

* * *

American Alloys Corporation—Analysis—S. D. Fuller & Co., 39 Broadway, New York 6, N. Y. Also available is an analysis of **Schmieg Industries, Inc.** and reports on **Holiday Plastics, Inc.** and **Orradio Industries, Inc.**

American Radiator — Analysis — J. R. Williston & Co., 115 Broadway, New York 6, N. Y.

Anchor Precision Corporation—Analysis—D. Gleich Co., 40 Exchange Place, New York 5, N. Y.

Atlas Powder Company—Analysis—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Bonanza Oil & Mine—Report—**L. D. Friedman & Co., Inc., 52** Broadway, New York 4, N. Y.

Bristol-Myers—Data—Bruns, Nordeman & Co., 52 Wall Street, New York 5, N. Y. Also in the same bulletin are data on **Pillsbury Mills** and **Admiral Corporation.**

Buffalo Eclipse Company — Analysis — H. Hentz & Co., 60 Beaver Street, New York 4, N. Y. Also available is an analysis of **Bud Company.**

Citizens Utilities Company — Analysis — Blair & Co., Incorporated, 44 Wall Street, New York 5, N. Y.

Commonwealth Edison Company—Analysis—A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill. Also available is an analysis of **Monterey Oil Company.**

Eastern Airlines—Analysis—Dreyfus and Co., 50 Broadway, New York 4, N. Y.

Eastern Utilities Associates—Study—Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y. Also available is a detailed appraisal of **Southwestern Public Service Company** and a memorandum on **Continental Illinois National Bank & Trust Co. of Chicago.**

Empire Petroleum Company—Analysis—Julius Maier Co., Inc., 15 Exchange Place, Jersey City 2, N. J.

Gulf Coast Leaseholds, Inc. — Analysis — Singer, Bean & Mackie, Inc., 40 Exchange Place, New York 5, N. Y.

Industrial Rayon—Bulletin—Thomson & McKinnon, 11 Wall Street, New York 5, N. Y.

Kentucky Light Aggregates, Inc. — Analysis — The Bankers Bond Co., Inc., Kentucky Home Life Building, Louisville 2, Ky.

Mansfield Tire & Rubber Company — Analysis — New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

Montana-Dakota Utilities Co.—Analysis—Edward A. Purcell & Co., 50 Broadway, New York 4, N. Y. Also available is an analysis of **Gunnar Mines Ltd.**

Moore Drop Forging Company—Analysis—Bond, Richman & Co., 37 Wall Street, New York 5, N. Y.

National Supply Company—Analysis—Harris, Upham & Co., 120 Broadway, New York 5, N. Y. Also available is a discussion of **Southern Pacific, Steel Companies, Paper Industry** and **Rayonier.**

Chas. Pfizer & Co. — Memorandum — McDonnell & Co., 120 Broadway, New York 5, N. Y.

Purity Stores, Ltd.—Analysis—Stern, Douglass & Co., Inc., 465 California Street, San Francisco 4, Calif.

Riverside Cement Co.—New views—Lerner & Co., 10 Post Office Square, Boston 9, Mass.

Scovill Manufacturing Company—Analysis—Granger & Company, 111 Broadway, New York 6, N. Y.

Selection Trust Ltd.—Analysis—Bache & Co., 36 Wall Street, New York 5, N. Y.

Sperry Rand Corporation — Analysis — Cohu & Co., 1 Wall Street, New York 5, N. Y. Also available is an analysis of **Avien.**

Standard Factors Corp. — Memorandum — Hirsch & Co., 25 Broad Street, New York 4, N. Y.

Sterling Drug Inc.—Memorandum—Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y.

Stuart Company — Analysis — William R. Staats & Co., 640 South Spring Street, Los Angeles 14, Calif.

Uranium Corporation of America—New illustrated brochure— McCoy & Willard, 30 Federal Street, Boston 10, Mass.

F. W. Woolworth Co.—Analysis—Parrish & Co., 40 Wall Street, New York 5, N. Y.

Our Reporter's Report

With the country right down in the trough of the vacation season the new issue bond market has come virtually to a complete halt insofar as the corporate end is concerned. There is but a single piece of business in sight in the next two weeks provided the prospective schedule stands.

That involves Foremost Dairies, Inc.'s exchange offer of $20,000,000 of debentures to holders of its own preferred and the preferred of Philadelphia Dairy Products Co., Inc., a subsidiary.

A banking group will "standby" on this undertaking prepared to absorb any debentures not taken up in the prior exchange offer to preferred holders which is expected to begin around Aug. 9 and run to Aug. 30.

Aside from that particular operation, however, the corporate horizon for the two weeks ahead is without as much as a cloud in the form of new debt offerings, and for that matter the same goes for equities also.

Since this state of suspended animation is more or less normal at this season, underwriters and their distributors are not greatly concerned, operating as they are with abbreviated staffs cut down by vacations.

But the corporate market's behavior has not been of a nature to generate any cheer in investment banking circles. The Treasury market still is far from settled, that is where the long-end is concerned. And until a new base is established in that direction it is unlikely that corporations will be disposed to attempt much in the way of new debt financing. Investors have shown they are not currently in too receptive a mood.

Fast Secondary

You can still find a ready market for equities, particularly if they are of the top-notch variety such as the common stock of Aluminium Ltd. This was proved the other day when bankers brought out a block of the stock after the close of the market.

The sale involved stock tied up in the divestment order of the courts to Pittsburgh interests a while back giving them 10 years in which to sell either the stock of that company or Aluminum Co. of America.

Bankers brought a block of 178,100 shares to market, with 123 underwriters participating in the deal. Priced at 103¾ which was well under recent market quotations, it met with quick response. If spread evenly over the offering group, each participant would have had only some 1,530 shares to sell which explains, at least in part, the celerity of the deal.

Housing Bonds Go

Whatever misgivings the municipal market may have had, the shining success of the most recent offering of housing bonds must have given sentiment quite a lift. Only a week earlier many houses were a bit on the wary side, taking the tax-exempt market generally.

But the dealer group was able to clear away its entire take-down of $121,400,000 of the new issue within a day after the books were opened for subscriptions.

And commercial banks, which came away with the small end of the package, $20,595,000, turned in a similarly creditable performance with their wares.

Out in a Rush

Yesterday's offering of $35,000,000 of 25-year 3.30% debentures of Container Corp. went out quickly as good institutional demand spurred general interest in the business.

Priced at 100 to yield 3.30% the issue quickly commanded a small premium on the bid side being quoted 100¼ bid 101 offered.

About a month hence the market probably will come up for a real test of its position when Pacific Telephone & Telegraph Co., puts its $67,000,000 of long-term bonds up for bids. It should be moving into registration shortly and the prospective bidding date is now seen as Aug. 23.

J. Barth Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Gregory Robinson has been added to the staff of J. Barth & Co., 404 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

Calif. Investors Add

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—John H. Bryant, Jr., Robert D. Burns, John Kowal, Floyd E. Mills, John L. Mossner, Peter Plant, Hanley E. Rogers and Robert L. Weil are now connected with California Investors, 3924 Wilshire Boulevard.

Coombs Adds Three

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—John S. Maher, Robert T. McGraw and Maurice E. Miller are now affiliated with Coombs and Company, 602 West Sixth Street.

Join Dempsey-Tegeler

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Edward O. Chandler, Eric M. DeLacey and Charles Prince are now connected with Dempsey-Tegeler & Co., 210 West Seventh Street.

With Financial Inv.

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif. — Frank R. Dole has become connected with Financial Investors Incorporated, 1716 Broadway. He was formerly with Richard A. Harrison.

With First California

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Thomas P. Gibson has joined the staff of First California Company, 300 Montgomery Street, members of the San Francisco Stock Exchange.

Samuel Franklin Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Louis Eiseman and John V. Littlefield are now with Samuel B. Franklin & Company, 215 West Seventh St.

Joins Hannaford Talbot

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Roy A. Adams is now with Hannaford & Talbot, 519 California Street.

Three With H. L. Jamieson

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Alfred E. Gaumer, Ada M. R. Page and George A. Page are now connected with H. L. Jamieson Co., Inc., Russ Building.

Resumption of Capital Investment in Canada

Monthly Review of the Bank of Nova Scotia reports volume of capital investment expenditures in 1955 is expected to run considerably ahead of 1954 and be close to the peak of 1953.

In the June issue of its "Monthly Review," the Bank of Nova Scotia calls attention to a renewed expansion of capital investment in Canada, following the decline experienced in 1954. Commenting on this, the circular states:

"In part because of the general improvement in export prospects during the past year, the volume of capital investment expeditures in 1955 is expected to run considerably ahead of 1954. Expenditures last year showed the first decline since the war, and the anticipated increase in the current year would bring the level of capital spending back fairly close to the peak reached in 1953. The reduction in 1954 occurred mainly in outlays for machinery and equipment. However, there was also an appreciable falling-off in private non-residential construction and a drop in Federal Government expenditures for defense construction. The latter more than offset the continued rise in outlays by provincial and municipal governments so that total government expenditures showed some decline. For the current year, the official forecast is for a substantial increase in private non-residential construction, a moderate addition to Federal Government outlays for defense construction and public works, and continued growth both in housing and in public construction by provincial and municipal governments. Outlays for machinery and equipment, however, are expected to decline somewhat further.

"A number of very large resource projects reached completion in 1953 and 1954 and new projects were not initiated on a scale that compensated for this. There were substantial decreases in expenditures related to base metals, pulp and paper, chemicals, electric power and railways. The expansion and modernization programs of a variety of manufacturing industries came to an end. Finally, because of the drop in income from grain and the fact that farmers had been adding heavily to their capital equipment for some years, expenditures on farm machinery declined by roughly one-third.

"With the improvement in world markets for basic commodities since last summer, a good deal of the pre-1954 enthusiasm for resource and industrial development has gradually reappeared. The projects initiated in the past few months have not, of course, been of the gigantic proportions of Quebec-Labrador and the first stage at Kitimat, but what they lack in size they appear to more than make up in number."

With United Western

(Special to THE FINANCIAL CHRONICLE)

OAKLAND, Calif. — Ian A. Bremner, Yen Jang and Walter B. Mason are now affiliated with United Western Securities, Inc., 1419 Broadway.

With Wagenseller & Durst

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Louis J. Zitnik is with Wagenseller & Durst, Inc., 626 South Spring Street, members of the Los Angeles Stock Exchange.

Atomic Energy Can Contribute To European Stability

By HON. W. STERLING COLE*
U. S. Congressman from New York
Member, Joint Committee on Atomic Energy

Rep. Cole calls attention to contributions which atomic energy can make to European stability — both in protecting free Europe against armed aggression from without, and in protecting it against economic stagnation or decay from within. Says NATO land, sea, and air forces could not successfully stop all-out Communist military assault with only conventional weapons, and atomic aid is required. Stresses value to Europe of peaceful uses of atomic energy—particularly for electric power; and predicts, by the end of this century, half of new electric generating capacity will be produced by atomic fuel.

I take it that the broad question before this symposium can be simply defined — if not so simply answered. It is the twin problem of how free Europe can continue to play its critical role in helping defend the common cause of freedom against armed aggression, while at the same time enjoying the fruits of an expanding economy—toward the end of establishing a social order which commands the allegiance of its members.

W. S. Cole

If the problem before this symposium is so defined, it is quickly apparent that a discussion could be held as easily on the subject of stability in America. I make this obvious point to stress the fact that the twin problem of achieving military security and economic and social solvency is in no sense a uniquely European problem. It is a problem, instead, which confronts all nations adhering to the common cause of freedom and liberty.

The reconciliation of military security and economic solvency involves at least in part a dilemma. If, for instance, the free nations could now be relieved of armaments spending, and if they could devote all their resources to the pursuits of peace, it would no doubt prove easier to establish the kind of social and economic order in which alien ideologies could not flourish. Yet, if purchased at the price of military weakness, excessive concentration on the production of consumer goods could cause the downfall of the free nations by inviting armed attack from their enemies. Conversely, if the military expenditures of the free world are so great as to cause rampant inflation, and to deny the free peoples elementary material necessities of life, we may discover that our free society disintegrates from within.

In my remarks tonight I should like to place special emphasis upon the contributions which atomic energy can make to European stability—both in protecting free Europe against armed aggression from without, and in protecting it against economic stagnation or decay from within.

Sir Winston Churchill is the authority for the statement that, more than any other single factor of the free world's military strength, it is the atomic and hydrogen stockpile of this nation which has so far kept the Soviet Union from launching an all-out military attack against free Europe. It is lamentable that the maintenance of today's uneasy peace must rest so largely upon the threat of atomic retaliation. Yet we cannot close our eyes to hard facts. We free peoples confront, in the form of the Soviet dictatorship, a regime dedicated to the conquest of the entire world. We confront, furthermore, a regime which now possesses the largest peacetime military establishment the world has ever known.

Offsetting Military Quantity With Military Quality

The conventional military forces of the free world are now vastly outnumbered by those of the Soviet Union and its satellites. So far, however, we have been able to offset the numerical advantage of the Communists with the qualitative superiority—with the superior weapons and training—of the free world's armed forces. In other words, we have so far prevented a Third World War without having to match our foes tank for tank and man for man — a course of action which, if adopted, might transform the free nations into the very image of the garrison states which now threaten them.

Nowhere is this strategy of offsetting military quantity with military quality more clearly illustrated than in Europe. The 42 NATO divisions available for the defense of free Europe confront 175 Communist divisions. Yet even after making due allowance for the superior firepower and mobility of the NATO forces, however, the military leaders charged with defending Europe have concluded that the NATO land, sea, and air forces could not successfully stop an all-out Communist military assault with the aid of conventionel arms alone. The NATO military leaders have concluded that a capability and a resolve to employ tactical atomic weapons, if the need arises, are indispensable to an effective European defense. The only alternative, these same military planners say, would be to maintain a conventional military establishment so huge, and so costly, that it might well lead to economic collapse and fiscal ruin.

Even speaking as an American 3,000 miles removed from Europe I find myself sorely troubled by the implications of a strategy centered around the tactical use of atomic weapons in the event of all-our war—and I am sure I would be even more troubled by these implications if I were a European. Allow me to point out, therefore, that both the American and European officers on the NATO planning staff were of one mind in concluding that a strong capability in tactical atomic weapons is urgently needed for the defense of Europe. This conclusion may sober all of us—but we cannot close our eyes to the stern facts of military necessity.

Yet all of us must regard with dismay and horrer the thought of a war in which atomic weapons would be used. I therefore very much hope that the conventional forces of the free world will never become so weak that we would be required to use nuclear weapons in any conflict, even when the military situation and political prudence might dictate atomic restraint. To my way of thinking, we cannot escape the conclusion that the exchange of atomic blows and counterblows would be almost as ruinous for the eventual victors of an atomic war as it would be for the vanquished. The President of our nation never spoke more wisely then when he said there is today no alternative to peace. Let us hope and pray that this truth—so overwhelmingly evident to all of us gathered here tonight—will be evident also to the rulers of the Communist world. In the meanwhile, let us feel grateful for the fact that the atomic weapons now available for the defense of freedom have permitted us to prevent all-out Communist aggression without ruinous expenditures on armaments.

Peaceful Uses of Atomic Energy

Yet the atom can make an even greater contribution to the well-being of the free world as a whole — and to European stability in particular — through its peaceful applications. I refer specifically to the manner in which peacetime atomic power can and will raise the European standards of life.

Apart from such factors as the skill level of a nation, the presence or absence of cheap electric power may be the greatest single determinant of economic growth. England in the Eighteenth Century rose to soaring heights of prosperity—thanks largely to its then enormous reserves for coal. A century thereafter the German Empire underwent a similar period of extraordinary economic development—thanks this time to the cheap coal and iron ores of the Ruhr and Alsaac-Lorraine.

But today, in the mid-twentieth century, Europe's reserves of cheap power sources are largely exhausted. The situation of course varies from nation to nation. Generally speaking, however, Europe has already used up its best reserves of coal; it is a heavy net importer of oil; and relatively few sites remain for further expansion of hydroelectric facilities. This scarcity of cheap conventional fuels is vividly reflected in the cost of electricity. Here in the United States—which is still generously endowed with large reserves of coal and oil and hydroelectric power—the average cost of electricity when it leaves the generating station is about seven mills — or seven-tenths of a cent —per kilowatt hour. In France, Denmark and Netherlands, however, the comparable figure is 13 mills per kilowatt hour. In Turkey similarly, electricity costs over 20 mills per kilowatt hour.

The meaning of these figures should be obvious enough. Where conventional power is concerned, the industries of free Europe now suffer a grave competitive disadvantage when compared with those of the United States. No less important, any ambitious programs for European economic development must now inevitably be retarded because of the absence of low-cost power. But above all, the high cost of conventional power means that Europe is a "natural" for the early application of useful atomic power —power which can light its cities and run its factories.

All in this audience are aware that, like every other force of nature, atomic energy can be used for constructive or destructive purposes, depending upon the will of man. A single pound of Uranium-235 — one of the materials which can be used either in atomic bombs or in an atomic power reactor—contains almost as much energy as three million pounds of coal. This fantastic quantity of energy, if used to fuel peacetime power reactors, can bring to Europe a new prosperity rivaling, and even outstripping, the prodigious economic growth which Europe underwent during the last century.

U. S. Use of Atomic Power

It is now clear that atomic power is technically feasible—and the only real question remaining is that of how soon it will be competitive with electricity from conventional fuels. Here in the United States where electricity is now for the most part cheap, the transition from conventional power to atomic power will be relatively slow.

Notwithstanding this, however, it is estimated that by the end of this century, half of the new electric generating capacity installed as a whole in our nation will run an atomic fuel.

In Europe—which now has high cost electricity — atomic power will be commercially practicable at a much earlier date. In fact, designs already exist for atomic reactors which, at this very moment, could undersell conventional electricity in Europe. It is therefore no wonder that the United Kingdom has undertaken a bold program for constructing power reactors, the first of which will operate next year. Neither is it any wonder that the other European nations are now intensely interested in developing peacetime power.

The international conference on the peacetime uses of atomic energy, to be held at Geneva next month, should do much to speed peaceful atomic development in Europe. This same cause will be aided by the bilateral agreements for peacetime atomic cooperation between United States and other nations. Eleven such agreements have already been signed with European nations.

One thing is certain: In developing the peacetime atom, Europe will not lack for skilled scientists and researchers. In fact, our own American atomic progress has been due in large part to the scientists who left Europe in the unhappy days before the Second World War and who enriched our own nation with their talents and skills. The names of Fermi, Bohr, von Neumann, and Teller should serve to remind us of the enormous debt which we Americans owe to the genius of Europe.

Speaking for myself, I cannot believe that the Iron Curtain which now rends Europe asunder can be maintained indefinitely. I believe that sooner or later the rule of law will replace the cruel tyranny which now holds satellite Europe in its yoke. When that day arrives, and when Europe is once more united in freedom and liberty, the world may witness a new European renaissance, made rich beyond measure by the atom as bent to the ways of peace.

*An address by Congressman Cole at the Colgate University Conference on American Foreign Policy, Hamilton, N. Y., July 13, 1955.

Chain Hotel Expansion to Continue: Henderson

President of the Sheraton Corporation of America, tells the N. Y. Society of Security Analysts that large companies, through scientific management, can operate more efficiently and economically, and there is still ground for potential growth of chain hotel operations.

A continued surge in the growth of the nation's major hotel companies was predicted by Ernest Henderson, President of the Sheraton Corporation of America in a talk before the York Society of Securities Analysts.

Ernest Henderson

Mr. Henderson, whose company owns and operates 30 hotels in the U. S. and Canada, said that this growth is "dictated by the harsh economic facts of the hotel industry."

"By and large, since the end of the war, the American hotel industry has been caught in a squeeze between rising costs and fewer guests," he said. "The great majority of the nation's 15,000 hotels have not fully shared in the postwar boom.

"On the other hand, major hotel chains have continued to grow and have prospered more fully." The reason, he said, is that the larger companies, through scientific management, can operate more efficiently, by cutting waste, duplication, inefficiency; and by instituting better buying methods forecasting periods of peak demand, and scheduling work more effectively.

Mr. Henderson, in the course of his remarks relating to the hotel business, listed the principal advantages of chain operation as follows:

(a) Opportunities to employ highly skilled supervising specialists in engineering, food control, decorating, architectural planning, personnel work, sales promotion, accounting, etc. A single hotel could hardly afford the services of such skilled specialists.

(b) The fact that a full-page 4-color advertisement, costing $10,000, would be prohibitive for a single hotel in a single city; it can be very profitable when the cost is divided over 30 hotels.

(c) Channeling business from one member of the group to others in different cities increases occupancy.

(d) Substantial economies in purchasing result from large scale buying.

These advantages of multiple operation in aggregate, add up to several million dollars a year, provided the potentialities are duly capitalized.

Referring to the question of motel competition, Mr. Henderson stated:

"There is no doubt that in many smaller cities, particularly where guests travel by automobile rather than by rail or air, that motels have made inroads into hotel occupancy. This competition has at times influenced Sheraton to sell smaller hotels in outlying cities in order to concentrate on the larger ones. Fortunately few visitors to New York or Chicago, or other principal cities where Sheraton Hotels are located are interested in motels, and for this reason the problem is not too serious. Although motels may have contributed to the trend in recent years towards declining hotel occupancy, I believe a more importana factor is the more than offsetting increase in hotel room rates which have been producing increases in the dollar volume of room sales in the face of declining percentages of occupancy. Whereas occupancy declines have averaged 2% a year since World War two's abnormally high occupancy figures, rate increases have averaged nearly 10% annually, thereby accounting for the considerable net gain in room sales. Sheraton's experience indicates that the downward trend in occupancy over recent years is now levelling out."

The British Government's Defense of Sterling

By PAUL EINZIG

Dr. Einzig calls attention to the efforts of the British Government to overcome the unfavorable balance of payments resulting from strikes and its adverse effects on sterling exchange. Says it is widely feared that for the second time in a quarter-century, Britain might suspend the gold standard by allowing sterling to fluctuate more widely, and this leads to pressure on sterling exchange. Holds abandonment of fixed parities need not necessarily mean a depreciation of sterling.

LONDON, Eng.—Mr. Butler, the British Chanceler of the Exchequer, decided to reinforce the defenses of sterling against the effects of the adverse balance of payments, effects which are becoming exaggerated by speculative pressure. The fall in exports resulting from the strikes in June, and the high level of imports resulting from the high level of consumption and production, has made it difficult for the Treasury to defend the gold reserve. In addition, the widespread anticipation of a lowering in the exchange value of the pound in the near future in connection with the adoption of a "floating" exchange rate, has resulted in a pressure in excess of the actual adverse balance.

Dr. Paul Einzig

Very few people realize that, for all essential purpose, Britain is still on the gold standard. Any export surplus results in an influx of gold, and any import surplus an efflux of gold, just under the automatic system. The only difference is that it is not automatic and it is not bullion arbitrageurs but Treasuries that buy and sell the gold. In the pre-1941 days the authorities sought to correct an adverse balance of payments by means of tight and dear money, which is precisely what is being done now. Above all, sterling is at present stabilized in terms of gold, and its range of fluctuations is barely wider than was the spread between gold import points and gold export points before 1914, and again between 1925 and 1931. If we define gold standard as the monetary system under which gold is the standard of value, and under which the international stability of the monetary unit is maintained by gold movements, sterling certainly conforms to these rules, event though it is inconvertible.

It is widely feared that, for the second time within quarter of a century, Britain might suspend the gold standard by allowing sterling to fluctuate more widely. Since its value would then be no longer fixed in terms of gold, under that system gold would cease to be the standard of value, in the same way as it did after 1931 until 1939 when sterling was re-stabilized in terms of gold. Moreover, instead of allowing gold movements to offset fluctuations in the balance of payments, the government would allow sterling exchange to fluctuate in order to counteract a buying or selling pressure.

It remains to be seen whether that will in fact be the solution to be chosen by the government. But the mere anticipation of such a decision is causing a strong adverse pressure, because the abandonment of fixed parities would in existing circumstances mean an appreciable fall in sterling. Rightly or wrongly, it is widely expected that Mr. Butler would announce at the Istanbul meeting of the I. M. F. in September, the adoption of the flexible convertible pound. It is because so many people expect him to do so that sterling is subject to speculative pressure. That pressure is liable to increase with the approach of the date of the Istanbul meeting.

The abandonment of fixed parities need not necessarily mean a depreciation of sterling. Not so very long ago it would have been followed by an appreciation. The undertone of sterling was then firm, and the limits of $2.78-$2.82 prevented a rise, not a fall. But today the undertone of sterling is weak, because of the adverse balance of payments, which again is due to over-expanded domestic conditions. If Mr. Butler could strengthen the undertone of sterling the anticipation of the change in the British monetary policy would cause a buying pressure, not a selling pressure. For there would be no flexibility without convertibility, so that many people woud be buying sterling for the purpose of converting it into dollars after the change. As it is, this is considered risky, because of the possibility of a depreciation of sterling before holders would have a chance of switching into dollars.

If between now and September Mr. Butler succeeded in strengthening sterling by taking effective measures against domestic inflation and against the adverse balance of payments, the anticipation of flexibility decision would cease to be a source of weakness for sterling. Whether or not he intends in fact to take the fateful step of returning to convertibility in the near future, the reinforcement of the defenses of sterling has become a matter of great urgency. His original intention was to wait and see how the situation would develop between now and the autumn before he reinforced the defensive measures adopted earlier this year. But during the course of July it has become increasingly obvious that it would be inexpedient to defer the necessary measures.

The figures of bank advances continued to increase in spite of the high bank rate and the resistance of banks to further credit expansion. In this respect the results of the measures taken up to now have been disappointing. Likewise, the restrictions imposed on instalment credits have failed to produce the desired results. Evidently, more measures are needed to correct the situation. In the circumstances there would be no object in deferring the necessary steps, thereby giving an opportunity for a speculative attack to develop against sterling.

Should Mr. Butler envisage a return to convertibility in September, it would be even more important that he should play his hand from strength and not from weakness. If the change were to be made at a time when the domestic economy is suffering from inflation and the trade balance is adverse, the immediate result of the change would be a wholesale conversion of sterling into dollars while the going is good. Holders would be prepared to cut their losses in order to avoid a further depreciation. Indeed it is safe to assume that he would not think of deciding in favor of convertibility unless and until he has succeeded in restoring equilibrium in the domestic economy. So whether he intends to make the change or not, it must seem imperative for him to take drastic steps to curb inflation and reduce the adverse balance of payments.

Daniel Weston Adds

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Louis G. Fields, Ronald E. Goldberg, Leo Markman, William R. Moreland, Morris B. Rubey and Alistair M. Wood are now associated with Daniel D. Weston & Co., 140 South Beverly Drive.

With C. L. Wells Co.

(Special to THE FINANCIAL CHRONICLE)

PASADENA, Calif.—Richard H. Flint has become affiliated with C. L. Wells & Company, 880 East Colorado Street.

Don't Discriminate Against Self-Employed Retirement Plans

By NORMAN F. DACEY
Norman F. Dacey and Associates
Financial Consultants and Trustees, Bridgeport, Conn.

Mr. Dacey protests against the proposal of the Treasury Department that the retirement funds of self-employed be made tax exempt only on condition that such funds be invested in special U. S. Bonds.

At the recent House Ways and Means Committee hearings on the Jenkins-Keough Bill to permit self-employed persons to accumulate tax-free retirement funds, a representative of the Treasury indicated that his department would have no objection to such a plan provided, among other things, that the funds were invested in special U.S. Bonds.

Norman F. Dacey

The Jenkins-Keough Bill is intended to correct the present gross discrimination which exists toward self-employed persons. Many millions of Americans are now enjoying the benefits of participation in formal retirement programs operated by their employers. An employee pays no tax on that portion of his income deposited in such a program by his employer. The trust fund created with the combined contributions of all such employees is generally invested in a balanced portfolio of bonds, preferred and common stocks either directly or through one of the great mutual funds. To the extent that they are invested in common stocks representing a broad cross-section of American business and industry, they give the participant an opportunity to share in the prosperity of that business and industry. Indeed, one of the leading manuals in the field of pension and profit-sharing plans interprets the law to place a definite responsibility upon the trustee of such plans to see to it that the funds are not simply interred in deposit accounts or Government Bonds but are made productive by a substantially-proportionate investment in common stocks. The manual very well summarizes the point in these words:

"Of primary importance is the trustee's duty to make the trust productive through proper investments. If profit-sharing funds are improperly invested, the profit-sharing plan may be disqualified for tax benefits. This could mean that the employer can't deduct his contribution on his company income-tax return, that the profit-sharing trust itself has to pay income tax on its own undistributable income, and that each employee has to pay income tax on trust income actually or constructively received by him. If this should happen even in a single year, it would be absolutely calamitous.

"The trustee cannot sidestep the investment problem by keeping all the trust assets in uninvested cash, on the theory that if you do nothing you can't do wrong. There is a positive duty to make the trust fund productive. Nor is 100% investment in low-yield governments the solution, either. One of the big things about a profit-sharing trust is that it can accumulate income tax-free. Why waste that opportunity by holding income down?"

If the Treasury Department has its way, the Jenkins-Keough Bill will only perpetuate the unjustifiable discrimination which it is intended to end. Why, if the great mass of people who now participate in tax-free pension or profit-sharing plans can have their share in such plans wisely invested with a resultant substantial increase in the benefits to them, cannot these millions of new beneficiaries of the Jenkins-Keough Bill enjoy the same opportunity to have their retirement funds productively employed and thereby multiplied? Why should they be prohibited from making wise and prudent investment of their funds and be required instead to loan them to the Government?

With occasional brief interruptions, the American dollar has been declining in value for 175 years. There is hardly any doubt but that it will decline even faster in the years immediately ahead—our bankrupt Social Security system alone is sufficient to deal the dollar its death blow. Why should millions of Americans be forced to entrust their retirement security to this tottering economic standard? They wouldn't buy a stock which had been going down for 175 years! Why should they be forced to invest in a dollar which has been doing just that? These millions will be building a security which will be more apparent than real. Meanwhile, other millions of Americans who are not self-employed and whose retirement plans are therefore not subject to the same limitations, will have built their retirement programs upon the prosperity of American business and industry, the traditional source of all wealth in this country.

If we are going to have a law to end tax discrimination, then let us have one that does more than give lip service to that objective.

Reveals Shifts in U. S. Balance of Payments

Federal Reserve Bank of New York, in its July issue "Monthly Review of Credit and Business Conditions" finds that with improvement in gold and dollar position of foreign countries there have been notable shifts in the behavior of the major components of our balance of payments.

The July issue of the "Monthly Review of Credit and Business Conditions," published by the Federal Reserve Bank of New York, contains an analysis of recent shifts in the major components of the American balance of payments. According to the article:

"While foreign countries as a group have been able throughout this period to add to their gold and dollar assets as a result of their over-all transactions with the United States, in 1954 these gains were somewhat smaller than in the preceding year and in early 1955 they decreased sharply. This trend toward lower foreign gold and dollar gains has been accompanied by, and is in large part attributable to, a substantial expansion of the United States surplus on merchandise and service account (excluding military aid). This expansion has been in sharp contrast to the contraction of the surplus that took place in 1952 and most of 1953.

"Another notable development in the United States balance of payments throughout the past three years has been the sharp increase in the expenditures by the United States Government and American military personnel on local goods and services in Western Europe. In several countries, in fact, dollar earnings from this source have exceeded or come close to those derived from the export of merchandise to the United States.

"Significant changes have also occurred recently in the nature, purposes, and geographical distribution of our foreign aid. Military aid has declined both in absolute terms and relative to our total aid. A comparatively recent innovation in the aid program—the so-called 'direct forces support'—has become an important source of dollar exchange, especially for France. Our agricultural surplus disposal program is also playing a larger role in our foreign aid. Another significant change in our international transactions has been the rapid growth in the past year of commercial credits extended by United States banks to financial institutions abroad.

"There has also been a marked tendency in recent years for foreign central banks to invest most of their dollar gains in United States Government securities and time deposits, rather than converting them largely into gold, as in some earlier years. Finally, participation of private foreign investors in trading in United States stock markets has also tended to increase substantially, especially in 1954.

Changes in the Trade Balance

"In the approximately three years that have elapsed since the end of the 1951-52 crisis in international payments, this country's merchandise trade surplus has passed through two distinct phases. In the first of these—from April 1952 to September 1953—our export surplus (excluding military aid) fell off sharply. Since our merchandise imports moved within a narrow range, the contraction of the surplus was largely attributable to the falling-off in foreign demand from its unusually high levels in 1951 and early 1952. United States merchandise exports (excluding military aid shipments) declined from a quarterly average of $3.7 billion during the nine months beginning July 1951 to $3.2 billion in April-December 1952. In 1953, a further, though less substantial, decline occurred. These declines may be primarily explained by the tightened exchange restrictions and, in some cases, by the disinflationary policies adopted in response to severe gold and dollar losses in the sterling area and certain Latin American countries during the period July 1951 to March 1952. The impact of these restrictive policies coincided with fundamental changes in the world supply-demand situation toward greater international balance and larger availabilities of a broad range of raw materials and manufactures, resulting in a distinct lessening of demand for United States products. For example, there was a substantial decline in our grain and cotton exports in 1952 and 1953. Likewise, increased coal production abroad led to a sizable decline in our coal exports."

M. S. Walker Adds

(Special to The Financial Chronicle)

LONG BEACH, Calif.—Wilbur V. Wood is now affiliated with M. S. Walker & Co., 125 East First Street, members of the Los Angeles Stock Exchange.

From Washington Ahead of the News

By CARLISLE BARGERON

The critics of the TVA, of whom I am certainly one, have been put in a pretty pickle. Their predicament resulted from the Dixon-Yates fight. The Eisenhower Administration was determined to stop the expansion of that ever increasing bureaucracy and went so far, not knowing just what else to do, to make a deal with a couple of private power operators, Dixon and Yates, to build a plant in Arkansas just across the river from Mississippi to supply power to the TVA in return for the power the TVA would let the Atomic Energy Commission have at other places. To do this the Administration had to get the AEC to work out an agreement with the private power group.

Carlisle Bargeron

The Public Power crowd has had an awful juicy time of this. To hear Senators Kefauver and Gore of Tennessee, Clinton Anderson of New Mexico, and Langer of North Dakota, this was a sell out of the "public's" interest to "greedy selfish interests" as shocking as anything that has ever happened in our time, particularly since and inclusive of the Harding regime when there was definite bribe taking. The Administration thinks it has gotten off the hook, if there was really ever anything to this great "issue" by agreeing that if the City of Memphis wants to build a power plant it can do so and there will be no need for the roundabout way in which the Administration was pursuing things.

But out of all this mess the Public Power crowd has come up with an embarrassing proposition. If, they say, the TVA is an encroachment on the private power industry, supported by annual appropriations by Congress, why shouldn't the Government cut it loose and let it issue its own revenue bonds which investors would buy without any government guarantee. The promoters of this idea claim the TVA would go into the market peddling its securities just as any private power company does. It wouldn't any longer be a burden on the taxpayers of the country, although the TVA'ers have always insisted it was never a burden. But under the new scheme it certainly wouldn't be. Its bonds would rest solely upon the money it makes. That's private enterprise, the TVA'ers claim, and no one should object to it and all arguments about TVA should be ended.

Legislation to permit the TVA to do this has already been introduced in Congress and it is so embarrassing to the Administration that the Budget Bureau has given it the nod with a couple of suggested changes. The Administration's appointee as Chairman of the TVA board, General Vogel, seems to be enthusiastically behind the proposition.

The private power companies are most emphatically not. They would like very much to take over TVA although they are not so ambitious as to think there is any possibility of that. But what they and the Administration, both, have been hoping to accomplish is the stopping of TVA in its tracks, to keep it from expanding all over the place.

It began as a government proposition, admittedly fake, to use "for the people" the waterpower that resulted from the navigation and flood control of the TVA area. Any resulting waterpower has long since been used up and the TVA has for years been building steam plants to "firm up" or "augment" the supply of waterpower. It has become a tremendously big business operating in completion with the private power industry.

Thwarted by the Eisenhower Administration in its efforts to build another steam plant, its schemers have now come up naively with a proposal that perhaps they were wrong; they were unjustified in coming to Congress year after year for more money with which to expand. TVA is now willing to shake loose from Congress and go ahead on its own. In the future when it wants more money with which to expand it will just sell its own bonds. They won't cost the taxpayers a cent.

This sounds so simple that it seems to have caught the Administration off guard to the extent that the Administration has given the proposition a faint and sickly nod.

The private utilities, on the other hand, are gnashing their teeth. What they don't want, understandably, is an expansion of the TVA under any guise. With the authority to issue its own bonds there would seem to be no stopping of it. The fact is that it would still be Big Government in competition with Private Enterprise. Its promoters argue quite smugly that there can be nothing wrong with their proposition. Why, they will float their securities on the market just as does any other business. Just how can anyone complain. The TVA promoters claim, of course, they will make payments in lieu of taxes and operate on an even keel with private industry. As one who has long been against the quackery of the TVA I can't help but laugh at the seeming and, I repeat seeming, plausibility of this new plan.

With Mutual Fund Assoc.

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Hans W. Feibelmann, Ireeta Hanson, Julius A. Kolb, Henry E. McFarland, Evelyn C. McGinn, Vincent J. McGinn, Edward V. McIntosh, Leon Montgomery, Susumu Okimoto, Julius A. Rundin and Jack D. Walker, Jr. are now with Mutual Fund Associates, 444 Montgomery Street.

Logan Joins Christopher

(Special to The Financial Chronicle)

KANSAS CITY, Mo.—David C. Logan has become connected with B. C. Christopher & Co., Board of Trade Building, members of the New York and Midwest Stock Exchanges. Mr. Logan was formerly with H. O. Peet & Co. for many years and prior thereto was in the investment business on the Pacific Coast.

The Demand for New Housing

By ROBERT C. TURNER
Professor of Business Administration, Indiana University

Prof. Turner, briefly analyzes the forces creating a demand for new housing, pointing out the basic sources are: (1) net increase in number of families; (2) the separation of "doubled-up" families; (3) increase in individuals maintaining separate households; (4) conversions of many home buildings to non-residential use; and (5) increase in multiple home occupancy. Concludes some of these factors "not as lusty as heretofore."

The May issue of the Federal Reserve Bulletin contained some very interesting data and revealing analyses on the market for housing. The conclusions which the authors of the article drew, however, were so delicately and diplomatically worded that their significance could well escape all but the wary reader. (Great artistry is required to state pessimistic facts in a fashion which will offend no one, undermine no one's confidence, and protect the issuing government agency from a subsequent charge of a "subversive" act vis-a-vis the current boom.)

Dr. Robert C. Turner

I propose, in this short piece, to restate some of the argument and conclusions of the "Bulletin's" analysis, with some amendatory reasoning of my own, and to do so in blunt, undiplomatic language. (Departure from government service has many compensations.)

The demand for new housing (measured in terms of numbers of units) is most immediately influenced by monetary or financial factors, e.g. incomes, liquid assets, interest rates, etc. Back of this monetary demand, however, are a number of basic factors which determine the extent to which ability to spend is directed toward housing, as opposed to other goods and services, or as opposed to not spending, i.e., saving.

Leaving aside the question of vacancies (few would propose that we strive to increase vacancy ratios as a means of expanding the demand for housing), the basic sources of demand for new housing units would look something like this:

(1) Net increase in the number of families;

(2) Undoubling of families now doubled up with others;

(3) Net increase in the number of individuals maintaining separate households;

(4) Households vacating units which are withdrawn from the housing market as a result of loss by fire or other cause, conversion to nonresidential use, or abandonment;

(5) Increase in multiple home occupancy.

The last source of housing demand can largely be ignored, at least in the immediate future. Although about 7% of the "spending units" in this country own two or more cars, multiple home occupancy has not yet become quantitatively significant.

The first, net increase in the number of families formed, is the most important, quantitatively, and marked changes have occurred in recent years. In the three-year period from 1947 to 1950, 2.8 million new families (net) were formed. This compares with an almost exactly equal number of non-farm housing units built during the same three-year period. During the four-year period from 1950 to 1954, however, only 1.6 million new families (net) were formed, whereas 4.7 million new non-farm houses were built. This indicates that much of the demand for new houses in recent years has come from other sources. Moreover, the Census Bureau projections indicate that net family formation will continue at a low level for several more years.

One source which has supplied a part of this growth in demand is the second factor, undoubling. The percentage of the number of families doubled up has declined from 9% in 1947, to 6% in 1950, to 3.5% in 1954. The percentage today is no doubt below 3%. How long it will go, no one knows, but that it will stop declining at a level significantly above zero seems likely. It seems probable, therefore, that as source of continuing demand for housing, this factor will soon dwindle to insignificance.

The third factor, increase in separate households maintained by individuals, is virtually unpredictable. High incomes, social security and other pension programs, and easy mortgage money, have enabled many widows and widowers, divorced persons, and unmarried adults, to establish or maintain separate households. This had undoubtedly been an important source of demand for new housing in recent years. In spite of the increase in such households in recent years, however, perhaps only a third to a half of the potential market has been exhausted.

The fourth factor, withdrawals of housing units from the residential market, is also a statistical mystery. It seems probable that this has been a more important source of housing demand than many of us have suspected. And the number of housing units that "should" be withdrawn from the market runs into the millions.

The obvious conclusion seems to be that, until 1950, all four of these factors were operating to create a high demand for new housing. Then net family formation receded and played a minor role. The other three, undoubling, occupancy by individuals, and withdrawals, however, were sufficient to sustain a continued high demand for housing. By now, undoubling is or soon will be receding into unimportance. The burden of sustaining demand rests on the remaining two. With continued high, after-tax incomes, or more precisely, continued expectations of high and rising incomes, these last two factors may continue to sustain demand for some time to come—especially if supplemented by new shots in the arm such as that given to the housing industry a year or so ago when credit conditions generally were eased and specifically when mortgage insurance and guarantee programs were relaxed. Available data do not permit even a good approximation of the potentialities of these two sources of demand, but it seems reasonable to suppose that, because the number of houses built in 1950-54 exceeds net family formation **plus** undoubling by a substantial margin, some portion of this demand has been satisfied and these factors therefore are not as lusty as they were a few years ago.

Three With Foster Marshall

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Oreg. — Robert Enright, William T. R. Saari and Stephen D. McCarthy have become associated with Foster & Marshall, U. S. National Bank Building.

With Ed Murray

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Helyn R. Arthur has joined the staff of Ed. Murray & Co. of Phoenix, Arizona.

Bertram Jones Joins Bankers Bond & Secs.

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Bertram V. Jones has become associated with Bankers Bond & Securities Co., 408 Olive Street. Mr. Jones, who has been in the investment business for many years, has recently been with Scherck, Richter Company and Semple, Jacobs & Co.

With Dempsey-Tegeler

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Mrs. Jessie L. Piercy has joined the staff of Dempsey-Tegeler & Co., 1000 Locust Street, members of the New York and Midwest Stock Exchanges.

Joins McDaniel Lewis

(Special to THE FINANCIAL CHRONICLE)

GREENSBORO, N. C. — P. W. Eshelman is now connected with McDaniel Lewis & Co., Jefferson Building.

With Camp & Co.

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Oreg.—Ernest R. Wilson has joined the staff of Camp & Co., U. S. National Bank Building.

Treasury Not Affected by Silver Purchase Act Repeal

By W. RANDOLPH BURGESS*
Under Secretary of the Treasury

Sec'y Burgess, in commenting on proposed repeal of the Silver Purchase Act, reveals the operations of the Treasury under the provisions of the existing law, and concludes, from a monetary standpoint, the Silver Purchase Law is not necessary and the Treasury has no objection to its repeal. States, however, the law, as it stands, creates no serious difficulties.

The proposed bill relates to a series of acts governing the monetary use of silver. It deals with a subject which is controversial both from the point of view of monetary theory and because of the diverse interests of important groups of our population. The Treasury interest in this bill relates to the very practical question of our ability to carry out successfully, and without economic ill effects, operations within the area of our statutory responsibility for silver coinage and paper currency secured by silver.

W. R. Burgess

From the point of view of Treasury operations today, the principal effect of this bill would be that the Treasury would no longer be required to purchase newly-mined domestic silver and to issue silver certificates against it. Under the bill the Treasury would, however, be instructed to maintain the silver reserve behind silver certificates, and might use silver not required for reserves for coinage purposes.

The Treasury would continue to have authority, under prior legislation, to buy in the market silver needed for subsidiary coinage.

The Treasury has operated under the provisions of the present legislation for a period of years and has found no serious difficulty in so doing, without untoward economic effect, either inflationary or deflationary. On the other hand, if this legislation were repealed, we could operate under the remaining provisions of law to meet the coinage and currency requirements of the United States which are related to silver.

Silver has had a spectacular place in our monetary history. I shall not go into the details of the attempt to operate a bimetallic currency in the 18th and 19th century. Since the Act of 1900 the United States has, except in 1933, operated on a gold standard, but through this period has used silver to back part of the currency, and has used silver for subsidiary coinage.

The Silver Purchase Act of 1934 reintroduced the legal requirement of the purchase of silver by the Treasury without immediate regard to coinage needs. Under the further legislation adopted in 1939 and 1946, the Treasury buys all domestically-mined silver offered to it at a net price of 90.5 cents per ounce. The Treasury then issues silver certificates at a monetary value of $1.29 per ounce. The seigniorage of 30% is left as "free silver," which can be used for subsidiary coinage or other purposes authorized by law.

For the last 20 years, except for a few brief periods, the Treasury buying price for silver was higher than the market price for silver. Domestic silver, therefore, came to the Treasury, while industrial needs were supplied from foreign silver.

Silver has today a secondary, not a primary monetary role. We have an international gold bullion standard. The dollar is defined in terms of a fixed amount of gold and the Secretary of the Treasury is required to keep all forms of United States currency at a parity with gold. This is the firm base of our monetary policy.

In the past year (April to April), new silver certificates were issued for about $26 million. Total silver certificates outstanding are $2.2 billion, compared with a total of $30.0 billion for all forms of money in circulation outside the Treasury and Federal Reserve Banks. The proportion of silver certificates in our system is about the same now as it was in the 1920's, and for the past decade.

Although the form of the law has been changed from time to time, this country has historically used silver for coinage and to back smaller denomination currency. Silver certificates are the only currency which we have in the $1 denomination and they constitute a part of the $5 and $10 bills. The bill before you contemplates continued circulation of silver coins and certificates.

If the legislation were repealed, the Treasury would still be able to purchase silver for subsidiary coinage by using the bullion fund first established in 1792. Last year we used 53 million ounces for such coinage. The United States production of silver in 1954 was 37 million ounces, an amount less than Treasury requirements for subsidiary silver.

The world was drawing on silver stocks, since consumption for coinage and industrial use was 219 million ounces, 5 million more than production of 214 million ounces. But the situation was almost in balance.

In short from a monetary standpoint the legislation which would be repealed by S. 1427 is not necessary and the Treasury would have no objection to its repeal. On the other hand, it creates no serious difficulties for us and we can continue to operate under it if the Congress so decides.

*A statement by Dr. Burgess before the Senate Committee on Banking and Currency, Washington, D. C., July 13, 1955.

Joins Waldron Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Kneeland E. Fuller has joined the staff of Waldron & Company, Russ Building.

Three With H. H. Wigh

(Special to THE FINANCIAL CHRONICLE)

KINGSBURG, Calif. — Norman G. Bergstedt, John A. Gunnarson and Clarence S. Wigh have joined the staff of Herbert H. Wigh & Co., 1515 Draper Street.

With E. R. Bell Co.

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo. — Eugene J. Agron is with E. R. Bell Company, 4627 Wornall Road.

Two With King Merritt

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo.—Floyd M. Baird and James H. Forbis, Jr. are now connected with King Merritt & Company, Inc.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

Five officers of **Clinton Trust Company of New York** have been advanced to higher posts, according to an announcement July 23 by Edward W. Smith, Board Chairman. Joseph C. Rogers and Charles A. Laverty were named Vice-Presidents and Thomas P. Barnwell, Fred C. Hertzer and Anthony D. Schoberl were named Assistant Vice-Presidents. Each of the men started his career with the bank as a teller or clerk more than a decade ago. Mr. Rogers, who joined the bank in 1932, has served as Assistant Secretary for the past eight years. He is in charge of the loan department in the bank's 42nd St. branch. Mr. Laverty has been with Clinton Trust since 1937, was appointed Assistant Secretary in 1942 and Assistant Vice-President five years later. He is in charge of operations at the bank's main office. Messrs. Barnwell, Hertzer and Schoberl joined the bank in 1943, 1937 and 1939, respectively. An Assistant Secretary since 1948, Mr. Barnwell heads the bank's personal loan department. Mr. Hertzer, an Assistant Secretary since 1947, is in charge of operations at the bank's Spring St. branch in the Port Authority truck terminal. Mr. Schoberl, in charge of operations at the 42nd St. branch, has been an Assistant Secretary since 1948.

* * *

The appointment of Charles A. Burke and Maxwell Lester as Assistant Secretaries of **Manufacturers Trust Company of New York** was announced on July 22 by Horace C. Flanigan, President. Mr. Burke joined the **Brooklyn Trust Company** in July, 1931 and entered the service of the Manufacturers Trust at the time of the merger of the Brooklyn Trust Co. with Manufacturers in 1950. He attended the American Institute of Banking and New York University and is in charge of the bank's 79th Street Office, 1513 First Avenue at 79th Street. Mr. Lester joined the Trust Company in July, 1951. He is a graduate of the University of Pennsylvania and is assigned to the bank's Fifth Avenue Office, at Fifth Avenue at 43rd Street.

* * *

The Federal Reserve Bank of New York announced on July 18 the signing of a contract with the William L. Crow Construction Co., New York, to build the Reserve Bank's Buffalo Branch building at a cost of approximately $4,000,000. The project consists of a three-story and basement structure and an adjacent parking lot bounded by Delaware Avenue, West Huron Street and South Elmwood. Construction was scheduled to begin immediately with a formal ground breaking ceremony on July 21. Completion is scheduled for 550 working days. James, Meadows & Howard, of Buffalo, and Eggers & Higgins, New York, are the architects. This will be the 19th bank the Crow Co. has built in New York State; two months ago it completed the new 12-story Seamen's Bank for Savings headquarters on the site of the old U. S. Assay Office at Broad and Wall Street. Mr. Crow said the Buffalo bank will be a steel frame building finished in Alabama limestone and Indiana limestone panels.

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At the 98th Annual Meeting of the Corporators of the **Connecticut Savings Bank of New Haven, Conn.** four former Corporators of the bank were added to the Board of Trustees. and three new Corporators were elected. The Trustees elected are: Charles H. Costello, Reuben A. Holden, Stanley S. Trotman, and Paul M. Zorn. The Corporators elected are: Roland M. Bixler, Horace F. Isleib, and James S. Johnson. Carl G. Freese, President reported that total assets of over $109 million are at an all time high, representing an increase of over $5,900,000 for the fiscal year ending June 30, 1955. Deposits are also at an all time high of $96½ million, an increase of over $5,700,000 for the same fiscal year. Dividends either paid or reserved for the credit of depositors amounted to over $2,300,000 for the fiscal year, again an increase of $193,000 for fiscal year indicated.

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The New Britain National Bank, of New Britain, Conn. reports an increase in its capital of $100,000, by a stock dividend of that amount, the capital thereby having been enlarged from $700,000 to $800,000, effective July 11.

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The Farmers National Bank of Bucks County, at Bristol, Pa. increased its capital, effective June 30, from $625,000 to $656,250 by a stock dividend of $31,250.

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Under the title of the **Croghan Colonial Bank of Fremont, Ohio,** the consolidation was effected on June 20 of the **Colonial Savings Bank** and the **Croghan Bank and Savings Company,** both in **Fremont, Ohio.**

* * *

The Illinois National Bank of Springfield, Ill. has increased its capital from $600,000 to $750,000 as a result of the sale of $150,000 of new stock. The enlarged capital became effective July 15.

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The directors of **The Northern Trust Company, of Chicago,** on July 19 elected three new officers to the bank staff, viz: Willett N. Gorham and Robert C. Nihan, Assistant Secretaries of the Trust Department; and Roland C. Roos, Assistant Manager of the Bond Department. Mr. Gorham, a resident of Winnetka, is a new member of The Northern Trust staff. A graduate of Princeton University and the University of Chicago Law School, he is a member of the Illinois bar. Mr. Nihan joined the bank staff a year ago after practicing law in Denver, and Mr. Roos has been active in the municipal buying and syndicate operations of the Bond Department since he became associated with the bank in 1949.

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The Fourth Northwestern National Bank of Minneapolis, Minn. increased its capital, effective June 16, from $150,000 to $200 000 by a stock dividend of $50,000.

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In addition to the two **Tulsa, Okla.** banks which we noted in our issue of July 21, page 284, recently increased their capitals, namely, the **First National Bank & Trust Co.** and the **Fourth National Bank**, another Tulsa banking institution, viz.: the **Utica Square National Bank of Tulsa** likewise lately enlarged its capital; heretofore $300,000 the Utica Square bank brought its capital, as of June 24, to $480,000 from $300,000 by the sale of $180,000 of new stock.

* * *

George A. Speer has been elected Executive Vice-President of the **Northwestern Bank of St. Louis, Mo.** by the bank's board of directors, it is announced by John P. Meyer, President of the bank. Mr. Speer, who joined Northwestern Bank in 1947 as manager of the Consumer Credit Department, has been a Vice-President since 1953. He began his business career with C. I. T. Corporation in 1937, and from 1939 to 1947 he was an assistant in the Operations Department at the **Bank of St. Louis.**

In 1940 he enlisted in the Navy. During World War II he saw active duty aboard three destroyers in both Atlantic and Pacific theaters. He left the service with the rank of Lieutenant Commander. During the Korean crisis he was recalled to active duty and served aboard a destroyer. He completed this tour of duty with the rank of full Commander.

* * *

At special meetings on July 22, the stockholders of **First National Bank in St. Louis** and the stockholders of **United Bank and Trust Company of St. Louis** voted to ratify an agreement of consolidation between the two banks, effective Dec. 30. At the First National meeting, stockholders voted 597,180 shares for and 584 shares against the merger which was proposed by the directors of the bank on May 17. United Bank stockholders voted 9,944 to none in favor of the merger which was recommended by their directors on the same date. Under the consolidation agreement, which will merge the two banks under the name of **First National Bank in St. Louis**, United Bank shareholders will receive seven shares of First National stock for each share of United stock outstanding. The merger will increase First National's capital stock from 700,000 to 770,000 shares with par value of $15,400,000. Total capital accounts on the basis of the banks' statements as of May 31, 1955, would total $43,323,000 and total resources as of the same date would total $619,114,000. On May 31, United Bank and Trust Company had deposits totaling $59,265,000; loans and discounts of $30,860,000; cash resources of $17,168,000 and investments of $14,861,000, all in government securities. First National's deposits on May 31 were $510,441,000; loans and discounts, $241,711,000; cash resources, $138,595,000 and investments of $166,245,000, of which $149,618,000 was in government securities. The United Bank was founded in 1872 as the German-American Bank of St. Louis. During World War I, it became the United States Bank of St. Louis. Its present title was adopted in 1930. First National Bank's history had its actual beginning in 1857 when the **Mechanics-American National Bank** and the **Third National Bank** were chartered. The present bank was created in 1919 by a consolidation of the Third National Bank, Mechanics-American National Bank and the St. Louis Union Bank. During 1929 and the '30's other large St. Louis banks joined with First National, including the International Bank, the Liberty-Central Trust Company, and the Franklin-American Trust Company. The proposed consolidation was referred to in these columns July 7, page 95.

* * *

As of July 11 the **Bexar County National Bank of San Antonio, Texas** reported a capital of $800,000, increased from $600,000 by the sale of $200,000 of new stock.

* * *

The 12-story First Security Bank building on the southeast corner of Main at Fourth South Street will be dedicated on Aug. 22, George S. Eccles, President of the **First Security Corporation and First Security Bank of Utah, N.A.** at Salt Lake City on July 16. The public will be welcomed at the dedication and at open house to be held at the building that day and throughout the week. First Security's present Exchange Place bank will begin operations in the new building at Fourth South Street on the same day. The building, including its three-story annex, contains 105,000 square feet of space. First Security Bank

operations will occupy 30,700 square feet of space. The $3,000,000 building, of modern "skin type" construction similar to the new United Nations building in New York, has approximately 20,000 square feet of plate glass wall area. Exterior walls contain another 52,000 square feet of porcelainized steel panels. First Security's operations will occupy the lower, main and second floors of the building. Six of the oldest banks in the intermountain area in 1928 joined to form the nucleus of what is now known as the First Security system of banks, operating in Utah, Idaho, and Wyoming. Among the banks later joining the system was **Deseret National Bank,** founded by Brigham Young and said to be the oldest National bank in Utah. Total resources of the First Security system are now reported as approaching $400,000,000.

* * *

A special meeting of the shareholders of the **Citizens National Trust & Savings Bank of Riverside, Calif.,** will be held on July 29, for the purpose of considering an agreement to consolidate Citizens bank and the **Yucaipa Valley National Bank, of Yucaipa, Calif.** The consolidation would be effected under the charter of the Citizens of Riverside, which in the event of ratification, would increase its stock outstanding by 5,500 shares to a new total of 241,500.

* * *

A special meeting of the shareholders of **California Bank of Los Angeles** has been called for Aug. 12, to consider proposals to merge **Union National Bank of Pasadena, The Covina National Bank,** and **Fishermen & Merchants Bank, San Pedro,** into **California Bank.** The proposed mergers have been approved by the boards of directors of the respective institutions. Upon the merger of Union National Bank of Pasadena with California Bank, S. C. Bradford, President of Union National Bank, and D. V. Miller, Executive Vice-President, will become Vice-Presidents of California Bank. With his present staff, Mr. Bradford will remain in charge of the two Pasadena offices. Sumner Dietrick, President of The Covina National Bank, of Covina, Calif., and J. D. Reed, Vice-President and Cashier, will become Vice-Presidents of California Bank. Mr. Dietrick will be in charge of the Covina and West Covina offices with the present staff to continue in their accustomed places.

Upon the merger with Fishermen & Merchants Bank becoming effective, California Bank will discontinue operations at the location it has occupied in San Pedro and will relocate in the larger quarters of the Fishermen & Merchants Bank. Pietro Di Carlo, President of Fishermen & Merchants Bank, will become Chairman of the San Pedro Advisory Committee of California Bank, and W. S. Rash, Executive Vice-President, will become Vice-President of California Bank. The staff of the present office of California Bank will be consolidated with that of Fishermen & Merchants Bank.

Deposits of California Bank will be increased by more than $42,000,000 upon the effective date of the merger, according to Frank L. King, President of California Bank. Deposits of the four banks as of June 30, 1955, were reported as follows: California Bank, $683,368,621; Union National Bank of Pasadena, $19,669,991; The Covina National Bank, $12,536,341; Fishermen & Merchants Bank, $9,920,406.

Reference was made in our issue of July 14, page 185, to the plans of California Bank to take over the Union National Bank of Pasadena and the Fishermen & Merchants Bank.

* * *

The directors of **California Bank of Los Angeles** have elected Wilton M. Adams, Golden R. Larson, and J. G. Tropea Assistant Vice-Presidents, Frank L. King, President, has announced. E. Peter Duval and Frank D. Lawrie were elected Assistant Trust Officers and Robert G. Barngrover, Assistant Secretary. Assistant Vice-President Adams, formerly Assistant Trust Officer, joined the staff of California Bank in 1934 and shortly thereafter was assigned to the trust investment department. He has held the positions of Assistant Secretary, Secretary, and was elected Assistant Trust Officer last March. Assistant Vice-President Larson, formerly Assistant Trust Officer, entered banking in 1923 with the Utah State National Bank, Salt Lake City. He was subsequently with the Federal Deposit Insurance Corporation in Washington; he joined California Bank in 1949; at California Bank he has held the offices of Assistant Treasurer, Treasurer, and was elected Assistant Trust Officer in March. Assistant Vice-President Tropea began his banking career in Los Angeles in 1945 and has been associated with California Bank since 1948. Since April, 1954, he has been manager of the bank's Sixth and Western Office in Los Angeles. Assistant Trust Officer Duval, formerly Assistant Secretary, practiced law in Vancouver, B. C., prior to joining the staff of California Bank in 1951. Assistant Trust Officer Lawrie practiced law in Vancouver, B. C., before becoming associated with California Bank in 1953. Assistant Secretary Barngrover joined the staff of California Bank in 1952 and previously conducted his own law practice.

Shareholders of **Union Bank & Trust Co. of Los Angeles, Calif.** are being offered rights to subscribe for 95,000 additional capital shares at the rate of one new share for each five shares held of record at 3 p.m. California D.S.T., July 22. Subscription price of the $10 par value capital stock of the bank is $33 per share. The rights expire on Aug. 15. An investment banking group headed by Blyth & Co., Inc., has agreed to purchase any unsubscribed shares. Proceeds will be used to provide additional capital funds to keep pace with deposits, which, it is said, have increased approximately 60% since the end of 1950.

* * *

Five promotions, to the office of Assistant Manager, at various offices of **Anglo California National Bank, of San Francisco, Calif.** were recently announced by Paul E. Hoover, Anglo President. The men promoted will be Assistant Managers of the following offices: Russell H. Grenning, East Bakersfield; George R. Hester, Eureka; William S. Pfeifle, San Jose; Elmo M. Smith, Redding; and Gerald Wells, Van Ness Avenue office, San Francisco.

* * *

The early establishment of a new **First Western Bank and Trust Company** office in the southeast of **Los Angeles** became assured on July 20 with the approval of the Federal Deposit Insurance Corporation of the new banking office. The State Superintendent of Banks gave approval earlier. First Western's newest office will be located on Westminster Avenue in western Orange County to serve Westminster and Midway City and adjacent communities. T. P. Coats, who is Chairman of First Western's board of directors, stated that "our newest banking quarters will be ready for occupancy as quickly as the necessary remodeling of the existing building can be completed." First Western has opened five new banking offices to date this year, the last one being in downtown Fresno June 27.

Total assets of the bank, with headquarters in **San Francisco,** as of June 30 were $821,000,000.

* * *

Dedication of the new **City National Bank of Beverly Hills, Calif.** will be held Saturday, Aug. 6, with day-long ceremonies, it has been announced by the bank's President, Alfred Hart. Participating in the official dedication, to be held in the bank's new $3,000,000 City National Bank Building, Wilshire Boulevard at the corner of Roxbury Drive and Brighton Way, will be Attorney General Brown, Mayor George W. Davis of Beverly Hills, and numerous business, industrial, banking, and civic leaders.

Joins Ashton Co.

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Louis E. Nykamp has been added to the staff of Ahston & Co., 15315 West McNichols Road.

A. G. Edwards Adds

(Special to THE FINANCIAL CHRONICLE)

CLAYTON, Mo.—Henry B. Ivey has been added to the staff of A. G. Edwards & Sons, 30 North Brentwood Boulevard.

Cohen, Simonson In New Location

Cohen, Simonson & Co., members of the New York Stock Exchange, announce the removal of their main office to 25 **Broad Street, New York City. New** 'phone is BOwling Green **9-7500.**

W. G. Nielsen Adds

(Special to THE FINANCIAL CHRONICLE)

BURBANK, Calif. — Roland M. Hanson is now with W. G. Nielsen Co., 3607 West Magnolia Boulevard.

With Pacific Coast Secs.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Joseph M. Binns is now connected with Pacific Coast Securities Company, 240 Montgomery Street.

Paine, Webber Adds

(Special to THE FINANCIAL CHRONICLE)

PASADENA, Calif.—Donald M. Wright has joined the staff of Paine, Webber, Jackson & Curtis, 50 North Garfield Avenue.

With Daniel Reeves Co.

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—John W. Clem has been added to the staff of Daniel Reeves & Co., 393 South Beverly Drive, members of the New York and Los Angeles Stock Exchanges. Mr. Clem was previously with Sutro & Co.

THE MARKET . . . AND YOU

By WALLACE STREETE

Industrial stocks forged to another all-time high level again this week, but the performance was even more selective than has been the case up to here. Wide sprints by Bethlehem Steel, Standard Oil of New Jersey and General Motors, bluest of blue chips, were a major reason for the good action recorded by the industrial average.

* * *

The long divergence between the industrials and rails continued with the carrier index making no threats at its June peak which was several points higher. The utility index, which was even more laggard than the rail one, finally got into step with the industrial average and for a week now has been pushing into territory not seen in a quarter century.

* * *

Extreme Selectivity

How selective the buying was even in the industrial section was indicated early this month when the previous peak was posted on a day when nearly twice as many issues declined as advanced. It broke out on the topside again this week with advances and declines pretty well in balance. It was certainly not a breakaway market, even though the average is now some 20 points above the "target" level of 450 which was supposed to have signaled at least a correction.

* * *

Steel Plays

It was largely a week for plays in the steels. Big Steel's Tuesday meeting and that of Bethlehem today, plus good earnings reports from some of the other steel makers and a dividend raise for Carpenter Steel all served to keep members of this group in the limelight throughout. Few were as spirited as Bethlehem over which split hopes have been high ever since Big Steel changed its capitalization. Its feats included the ability to jump half a dozen points in one session.

* * *

There was little encouraging in the profits statements of the plane makers; and the defense section, accordingly, spent a quiet time with occasional easiness that wasn't urgent because most of the issues have been so thoroughly deflated from their 1955 peak prices, with some of the issues 20 to 30 points below their best. Avco was a bit better acting than aircrafts generally, largely due to a new power plant it has developed for helicopter use for the military services.

* * *

Merger Developments

Despite the rise as indicated by the industrial average, the market was dominated by a good share of disappointment from various causes this week. Some rather involved merger hopes for Bulova Watch boiled down to an attempt by the firm to take over Tiffany which, apparently, wasn't either expected or overly welcome since the issue had a rather bad sinking spell on it.

* * *

The Brown Shoe-G. R. Kinney merger plan was obviously well discounted in advance and both issues ran into some rather pronounced selling. Stockholder antipathy to the Missouri Pacific reorganization, plus some unofficial downward revisions in the earning power of some of the planned new securities, made this issue rather prominent on weakness that included a loss of a handful of points within one session. Even where the long-anticipated splits did come along, the profit-taking, once the good news was out, made for some erratic action.

* * *

Geneva-Stimulated Interest in International Firms

As a result of the conciliatory air following the Geneva Conference, the market spectators continued to stress the so-called "international" firms, those that have large foreign operations or sales. Among such favored issues added to many lists were Clark Equipment with some of the earnings estimates running a couple of dollars above the $5 reported last year.

* * *

A surge in railroad freight car orders that appeared to be gathering momentum, ending a decline in orders underway since 1951, spurred at least the start of a buildup in interest in this depressed end of the list. Preliminary estimates are that recent orders have run past the full-year output in each of the last three years. The prime beneficiaries of this improved picture will be ACF Industries and Pullman.

* * *

Sharp increases in first half profits built up some still mild demand for some of the issues around, including Eaton Mfg., Texas Co. and Walworth. International Telephone benefited from both the attention being given international business and from predictions of the best earnings year in its history.

* * *

Oils and Metals Pick Up

Apart from the split hopes centering on various issues, indications that a round of gasoline price increases were underway served to heighten interest in the oils generally. Gulf Oil took a dividend increase calmly and Warren Petroleum erupted on a bit of above-average strength without any particular explanation available in the news.

* * *

Metals continued to do well, particularly because of the copper price squeeze partly due to rumors of a further increase in the price in South America. It was of little help to Rhodesian Selection Trust, newly-listed foreign issue, which was a repeater among the new lows largely because its trading life has been too brief to build up much of a price range.

* * *

Strong Chemicals

Chemical issues fared well on a rotating leadership with American Cyanamid appearing on as many recommendations as any other issue in the group. Part of the reason for favoring the issue is that the volatility of the "wonder drugs" is well hedged by its work in heavy chemicals and agricultural materials, which account for more than two-thirds of sales. It fits into the current preferential pattern easily by virtue of more than half a dozen foreign plants. Market-wise, the stock had backed up a bit after posting its 1955 peak earlier this month, but this week it was apparently on the way back to a new assault on the pinnacle.

* * *

DuPont showed occasional demand, but it was a pretty tame performance after some of its recent gyrations. Allied Chemical has been similarly quiet but buoyant, and it was left to Monsanto to be the erratic member of the group, featuring for the most this week on the heavy side that has carried it around 20 points under its exhuberant high when the stock split was announced. It became effective in the middle of the week to end the gyrations of the senior shares which have had a better than 50-point spread on the year.

* * *

Store stocks, including some of the food chains, were showing a still spotty but somewhat new popularity. Some better profit reports were building up interest, with May Department Stores expected to boost its fiscal year results significantly over last year. The group generally has been selling at 4 to better than 5% yields which is well above the average yield in the blue chip section and heightens the expectation of new investor support on any good news. In the food lines, the imminent listing of Foremost Dairies turned attention to this issue which has shown good recent growth and also is still selling at a yield that is a bit better than average.

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Seattle Firm Member of San Francisco Exchange

SAN FRANCISCO, Calif.—The election of Charles H. Badgley, President of the Seattle securities firm of Badgley, Frederick, Rogers & Morford, Inc., to membership in the San Francisco Stock Exchange, has been announced by Ronald E. Kaehler, Exchange President.

The address of the new member firm is 1411 Fourth Avenue Building, Seattle, Wash. The other officers of the company are Stanton W. Frederick, Executive Vice-President, and Edwin L. Rogers, Vice-President.

Paul Rudolph Adds

(Special to THE FINANCIAL CHRONICLE)

SAN JOSE, Calif. — Gilbert Gabbert and George L. Payne are now connected with Paul C. Rudolph & Company, Bank of America Building.

Join Rutland Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Ludwig W. Gossmann and Edward R. Scannell Jr. are now with Rutland Company, 650 South Grand Avenue.

With Wm. R. Staats

(Special to THE FINANCIAL CHRONICLE)

PASADENA, Calif. — Frank B. Mosher, Jr. is now connected with William R. Staats & Co., 640 South Spring Street, members of the New York and Los Angeles Stock Exchanges.

Continued from page 5

Observations . . .

is particularly worthy of careful study, as the number of proxy contests continues to mount.

Mechanics Practicable

The working out of a mechanism for a secret ballot by shareholders may take a little time, and may involve future legislation, but, in the opinion of the writer, there is nothing insurmountable about the mechanics of such an operation.

Both management and insurgents alike would send out their campaign literature and proxies, just as at the present time. The only difference would be that the proxy ballot itself would not be signed. It would merely be marked for the desired team, and for or against the proposals up for discussion.

This marked but unsigned proxy would be sealed in an envelope, which would bear the name and address of the owner and the number of shares owned.

The sealed envelope would be sent to the company in charge of the tabulation e.g. the Honest Ballot Association, or a bank having no other business connection whatever with the company. Watchers for both sides would be present, but merely to check the actual voting of the shares from the envelope, not how the ballot is cast.

The number of shares and the name having been marked off on the stock books, the unsigned secret ballot would be then put into the ballot box, marked with the number of shares entitled to be voted and, after the closing of the polls, counted like any other ballot in any other election.

Vote Can Be Changed

If at any time prior to the closing of the polls on the day of the annual meeting, a shareholder wishes to change his vote, he can notify the inspectors of election that he so desires. His already-voted proxy can then be located through the use of a numbering system, and the new proxy vote takes the place of the vacated one. Since neither side involved in the contest will know how his proxy has been cast in the first place, the mere fact that he has announced on the floor or otherwise that he has changed his vote will be no indication of how he is finally voting.

If we make an attempt to work out an Australian ballot somewhat along this suggested pattern, the principle of the secret ballot, recommended as well by Robert R. Young, can become a reality. Our proxy contests will then increasingly represent the will of all the owners, since we will have eliminated the danger of intimidation of employee-shareholders and those who are dependent on business from the corporation in any way.

LEWIS D. GILBERT
New York City,
July 21, 1955.

John B. Payne Joins G. H. Walker & Co.

CLAYTON, Mo.—The appointment of John Barton Payne to the staff of the Clayton office of G. H. Walker & Company has been announced by Roy W. Jordan, Clayton Manager.


John B. Payne

Mr. Payne began his career with a Wall Street investment banking house. He is best known to St. Louisans as Assistant to the President of the Mercantile-Commerce Bank and Trust Company. Among his other duties, he directed the national advertising program in "Fortune Magazine" and introduced the bank to television. The latter included the making of local motion pictures for the commercials and the use of bank officers and employees to humanize the bank to the public. He has talked to groups in many Missouri and Illinois communities on community planning and other topics.

For 17 years Mr. Payne served at the home office of the Metropolitan Life Insurance Company as Consultant on management to the company and to its thousands of group policyholders throughout the United States and Canada. He has written several hundred management reports, many of which have been published. Some have had extensive circulation. As a faculty member of New York University he directed courses in business organization and management.

Mr. Payne has been active in the American Statistical Association, the American Marketing Association, the Society for the Advancement of Management, the St. Louis Chamber of Commerce, the former Sales Managers Bureau, and many other organizations.

Nebraska Inv. Bankers To Hold Field Day

OMAHA, Neb.—The Nebraska Investment Bankers are having their annual Field Day at the Omaha Country Club on Thursday, Sept. 22. The Cocktail Party will be held the night before, at a place to be selected later. Phil J. Tierney, Harris, Upham & Co., is General Chairman.

With Zilka, Smither

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Oreg.—Marjorie B. Hagen is with Zilka, Smither & Co., Inc., 813 Southwest Alder.

John Whitney

John Whitney, partner in Riter & Co., New York City, passed away July 11.

Joins Slayton Staff

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—John H. Schoemaker is now with Slayton & Company, Inc., 408 Olive Street.

With King Merritt

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mo.—Richard D. Murrell is now with King Merritt & Co., Inc., Woodruff Building.

With B. C. Christopher

(Special to THE FINANCIAL CHRONICLE)

OMAHA, Neb.—Maurice T. Travers has become associated with B. C. Christopher & Co., Grain Exchange Building.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The Government market, with the exception of the shortest most liquid obligation, is very much on the thin side, only a minimum of interest being registered at the present time. To be sure, the money market is in that time of the year when interest does lag, because not a few of the important investors in Government obligations are on vacations. However, if there was anything worthwhile happening or about to happen they would be available. This does not seem to be the case now.

The competition for the investment dollar is getting keener and it is evident that Government securities with the exception of the nearest term maturities are among the victims of this development. Because of the better returns which are available in other investments, the more distant Government securities have been making new lows for the year. Also, the thin, professional market which prevails in these issues does not add to their attractiveness.

The Business Picture

The business pattern continues to be very much on the favorable side and even though it is realized that installment sales, and the financing of homes through long-term mortgages are very important forces in the uptrend of the economy, there is nothing on the horizon yet to indicate any important change in the existing course of events. It is evident that a certain amount of inflation will come out of the higher price, higher wage relationship which is currently being worked out between labor and management.

On the other hand, there is developing, and there seems to be no reason to believe it will not continue to gain strength, a resistance to higher prices of goods and products because of increased wages. This will tend to prevent prices getting too far out of hand.

The Stock Market Factor

Because of the improving business picture, there is not only a demand for money to finance it, but there is also greater competition for the available funds. This along with the "modest pressure" program of the monetary authorities is keeping the money markets on the firm side. There is also a certain amount of this money which goes into other forms of investment than Government securities and one of these is the common stock market. Even though the money which is being used in the equity market is not considered to be excessive, and further limitations on the amount which could be put to work there would not be unexpected, it will most likely take more than credit rationing measures in the stock market to slow its progress to any great degree.

Government Market on Defensive

The aforementioned forces, which the very important ones in the economy, give a few of the reasons why the Government market is in the doldrums and still in a defensive frame of mind. The powers that be, have put on a "mild money tightening" program which has tended to make money somewhat more costly but which has not to any extent yet made it more difficult to get funds which are being used mainly outside of the Government market.

Money that can be used for loans, whether they be for commerce, industry and farming, for installment purposes, or for mortgages still give lenders a much better return than is available in Government securities. This is one of the answers as to why there is so little interest in Government securities, aside from those that are needed for short-term liquidity purposes or for the payment of taxes in the future which is being carried out by means of tax anticipation certificates.

Long Bonds on Downgrade

The recently floated 3% bond of 1995 which was used to raise new money for the Treasury, also went the way of all flesh last week when it went under the issue price of 100. With the breaking of the par level for the longest Government bond, the rest of the longer Government obligations were under pressure so that new lows for the year were registered in these issues. It was evident that quite a few switches were being made from the outstanding 2½% and 2¼% bonds, not only to register tax loss, but also to add to holdings of the 3s of 1955.

In spite of the fact that the recently reopened 3% bond is the best liked issue in the longer Government market, there is not likely to be any really important buying in this or the other more distant Treasury obligations until there is either a change in monetary policy or some of the forces which have been taking funds away from the Government market become less potent in that capacity.

$25,000,000 Bonds of Los Angeles Schools Offered to Investors

Harriman Ripley & Co. Incorporated; Halsey, Stuart & Co. Inc. and Lehman Brothers are joint managers of a syndicate offering $25,000,000 Los Angeles, Calif., 2½% School District Bonds, due Aug. 1, 1956 to 1980, inclusive.

The bonds are scaled to yield from 1.30% to 2.55%, according to maturity.

Other members of the offering group include: Weeden & Co. Incorporated; Blair & Co. Incorporated; Phelps, Fenn & Co.; Kidder, Peabody & Co.; Goldman, Sachs & Co.; Union Securities Corporation; Salomon Bros. & Hutzler; White, Weld & Co.; Stone & Webster Securities Corporation; Baxter, Williams & Co.; Hallgarten & Co.; Hayden, Stone & Co.; Estabrook & Co.; Hemphill, Noyes & Co.

Fidelity Union Trust Company, Newark; Braun, Bosworth & Co. Incorporated; First of Michigan Corporation; Bache & Co.; A. G. Becker & Co. Incorporated; Adams, McEntee & Co., Inc.; Rand & Co.; National Bank of Commerce of Seattle; Eldredge & Co. Incorporated; Stern Brothers & Co.; Hayden, Miller & Co.; Fairman, Harris & Company, Inc.; A. Webster Dougherty & Co.; Rambo, Close & Kerner, Inc.; Thomas & Company; Harold E. Wood & Company; Schaffer, Necker & Co.

Nehring Ricketts Add

(Special to THE FINANCIAL CHRONICLE)

ELGIN, Ill.—Claude M. Hamlin has become associated with Nehring & Ricketts, 4 South Grove St.

Crime and Accidents Decreasing

By ROGER W. BABSON

Mr. Babson contends our population is growing so fast that in reality there has been a decrease in crime and accidents when adjusted to the population growth. Says, despite the automobile nuisance, no country in the world begins to have our blessings, and the greatest of our blessings is our freedom from war, and possibility that world wars may end.

It is too bad that the newspapers and broadcasters feel obliged to present so much bad news—about crime, foreign complications, and even auto accidents. Every impartial statistician must be an optimist, to ferret out the facts.

Roger W. Babson

It is true that these three unfortunate things are on the increase, and churches and schools are getting the blame for it. But when crime and accidents are reduced to a per-capita basis, the figures are not so bad. Our population is growing so fast that in reality there has been a decrease in crime and accidents when adjusted to the population growth.

Just think, since Hoover was in the White House the net population of the United States has increased over 40,000,000! This is almost equivalent to the entire population of Great Britain. In other words, if, say, the total population of Great Britain had been dumped into the United States in the last 25 years, would we not expect to have even more crime and trouble than we have today?

Automobile Nuisance

I admit that parking problems are terrible. Unless our city fathers remedy these very soon, our merchants will suffer. When their sales decrease, manufacturers cannot sell as many goods and unemployment increases. But—considering the number of automobiles, it is remarkable that we can find any place to park our cars!

Yet, should we blame the automobiles or the ignorance and shortsightedness of our municipal governments? What would any city do today without the automobile business? Close up the dealers, garages, gas stations, and repair shops, and what would we have left? A few blacksmiths would be shoeing horses and there would be dealers in hay and oats—but the life of our cities would be gone. However, we should have both the auto industry and sufficient free parking.

Bounties of Nature

We not only have wonderful crops; but we have a billion bushels of grain in storage. In addition we have tons of eggs, butter, and other products in storage. No country in the world begins to have our blessings. This applies even to the wealth of the sea and the trees of the forests. Each week as I read a large Sunday paper I regret the acres of splendid woodland which were destroyed to give me the newspaper. Yet, I am assured that the new growth exceeds the destruction.

When I learn of the great rivers which have not yet been harnessed, of the supplies of coal and oil which will last for centuries, and of other God-given natural resources, I am both humble and thankful. And we are just now learning about the power of uranium which may be found anywhere and a pound of which may do the work of 2½ million pounds of coal. It seems wicked for any of us to complain about anything. We perhaps are wasting precious time even bothering to look at stock-market quotations or concerning ourselves about investigations. Speaking of "time," this is the only thing of which there is no surplus. Our TIME is the one thing which we cannot replace when it is wasted.

Freedom from War

Of all our blessings, perhaps the greatest is our freedom from war—and the possibility that World Wars may be at an end. Upon the highest military authority, I forecast that the hydrogen bomb may be a blessing in disguise. At any rate, we know that the draft calls are being reduced, and the orders for much military equipment are being canceled.

I grant that it makes some people pessimistic to read the newspapers; but the very fact that the newspapers publish no more about crime and accidents proves that the bad news is becoming proportionately less. Whenever I get pessimistic, which is very seldom, I read the history of England or of some other country. This shows that the world is getting better fast and that my job is to keep up with it. If you have any difficulty being optimistic, read each day *one* of the Psalms of David. There are 150 of these, so they will keep you busy for five months. They will be the best pills you can take.

Kidder, Peabody Group Offer Container Corp. 3.30% Debentures

A new issue of $35,000,000 Container Corporation of America 3.30% sinking fund debentures, due July 1, 1980, was publicly offered yesterday (July 27) by an underwriting group headed by Kidder, Peabody & Co. The debentures are priced at 100% and accrued interest and represent the first outstanding funded debt of the company since 1942. They are callable at prices ranging from 103.30% during the 12 months beginning July 1, 1955 to par beginning July 1, 1977. Commencing in 1961, a sinking fund will operate calculated to retire 76% of the entire issue prior to maturity.

The financing is being undertaken by the company to provide funds for additional working capital as well as for improvement and expansion of operating facilities. Authorized but unexpended appropriations for mill and fabricating facilities aggregate $7,500,000. The company also is actively considering the construction of a $30,000,000 pulp and paperboard mill, but no final decision has been made. Since the beginning of 1950, Container Corporation has spent approximately $35,000,000 on acquisitions and additions.

For the year 1954, more than 50% of net sales of the company and its consolidated subsidiaries, excluding The Mengel Co., a partially-owned subsidiary, was represented by corrugated and solid fibre shipping containers, approximately 34% by folding cartons, fibre cans and flexible packages, approximately 12% by paperboard and the balance by waste paper, pulp and miscellaneous products. Consolidated net sales for 1954 were $186,595,000 on which net income of $13,604,000 was realized. Principal customers for the company's products are in the food, clothing, soap, beverage, furniture, appliance, automotive parts, drug and textile fields.

Including the $35,000,000 of new debentures, Container Corporation will also have outstanding 84,382 shares of 4% cumulative preferred stock, $100 par, and 2,495,785 shares of common stock, $10 par.

Patterson Nominated To S. E. C.

Harold C. Patterson

WASHINGTON, D. C. — The nomination of Harold C. Patterson to the Securities and Exchange Commission has been approved by the Senate Banking Committee. Mr. Patterson has been a director of the S. E. D. Division of Trading and Exchanges. He was formerly a partner in Auchincloss, Parker & Redpath.

L. A.-S. F. Exchange Wire Installed

LOS ANGELES, Calif. — The direct wire service between the trading floors of the Los Angeles and San Francisco Stock Exchanges was placed in operation July 25, it was announced by Los Angeles Exchange President W. G. Paul.

This new wire arrangement is expected to provide facilities whereby brokers unable to buy or sell on their own exchange may try to complete the transaction on the other exchange, Mr. Paul said, affording members of each exchange the use of the other's exchange facilities.

It should make possible, he continued, the retention of more orders on the west coast now being routed to other markets because of a lack of facilities to bring buyers and sellers of one city in contact with sellers and buyers of the other city.

The new facility, which is subject to a 90 day trial period, will be limited to 56 of the 180 stocks triply traded on the Los Angeles, San Francisco and Eastern Exchanges.

The list will be expanded to include the entire 180 stocks as rapidly as experience warrants.

Walter Raynor Adds

(Special to THE FINANCIAL CHRONICLE)

OMAHA, Neb.—Raymond Carey has become associated with Walter V. Raynor & Co., Inc., First National Bank Building.

With Green, Erb & Co.

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—George R. Taylor has become affiliated with Green, Erb & Co., Inc., N. B. C. Building, members of the Midwest Stock Exchange.

Two With Hoskins Co.

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio — Harry A. Hudson and Clause E. Johnson have joined Hoskins and Company, 79 East State Street.

Pruett Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga. — John Roesel has been added to the staff of Pruett and Company, Inc., 710 Peachtree Street, N. E.

Railroad Securities

Erie Railroad

As in all industries, the earnings and market performance of the major individual companies which comprise the railroad industry vary widely. This is so because of the different factors which affect the production of earning power, the key to financial success. The four Eastern trunk line railroads afford an interesting comparison in this respect. Without giving the subject too much study, the average investor might conclude these four major systems have many problems in common, such as severe competition, relatively short average hauls, heavy terminal expense, large losses from passenger train operations, etc. This is true to a large extent. But is is also true that volume of business handled, amount of prior charges, non-rail income and number common shares outstanding vary widely. Considering all of these factors, a comparison of the market performance of the shares of the four major Eastern trunk line systems over the past 12 months provides an interesting study:

Common Stocks — Eastern Trunk Lines

	Closing Price 7/30/54	Recent Price	Points Gain	% Gain
New York Central___	21⅝	48½	26⅞	124.2%
Baltimore & Ohio___	26¼	51¾	25	95.2
Pennsylvania RR. ___	17¼	29⅛	11⅞	68.8
Erie Railroad _______	17½	23⅝	6⅛	35.0

The spectacular gains in earnings this year of N. Y. Central, the large debt retirements and prospective large scale refinancing of Baltimore & Ohio have had much to do with the better-than-average market performance of the shares of these systems. Penny's performance has been less spectacular but still good. Erie has been a decided laggard, both in comparison with its trunk line neighbors, as well as other rails generally. The rather colorless market action of Erie has been somewhat of a puzzle as well as disappointment to Erie's stockholders and its followers.

The present Erie was reorganized in 1941. It was one of the few railroad reorganizations which gave some consideration to the old stockholders. Because of this fact, the new common stock capitalization of 2,450,208 shares was somewhat larger in relation to revenues than was the case of other reorganized carriers. Since the plan was completed in 1941, net earnings available for the common have fluctuated in a wide range. From $5.02 a share in 1942, earnings dropped sharply to only $0.40 a share in 1946; recovered nicely in 1948 to $4.09; dipped again to $0.93 in 1950; rose to $3.20 a share in 1951, but in more recent years declined steadily each year to only $0.75 a share in 1954. This erratic performance reflects a combination of circumstances, including the marked inroads on bituminous and anthracite coal by competitive fuels, loss of coal traffic due to railroad dieselization, heavy losses in commutation business, and the difficulty of offsetting rising costs and adjusting freight rates during a period of traffic erosion.

More recently, there have been a few developments in the Erie situation which have brightened hopes of stockholders somewhat. The major item of current interest is the start of production at the large new Ford assembly plant at Mahwah, N. J., expected to add about $9 million annually to company's gross revenues. It is estimated that one-third of the increase in revenues can be taken down to net, which woud mean about $3 million annually before taxes, or roughly $0.62 per common share after taxes.

Other important developments are (1) exchange of company's $5 preferred stock for 5% income debentures, expected to produce moderate savings in income taxes; (2) placing maintenance of way work on a mechanized "production line" basis, expected to produce important economies in time; and recent decision of General Motors to build a large automobile body plant at Mansfield, Ohio, to be served exclusively by Erie.

At the annual meeting in April, management stated that if the forecast of a rise in gross revenues this year of $10.5 million were realized, company would be able to earn at least $1 per share more than reported in 1954. This would suggest about $2.75 per common share before sinking funds, and about $1.75 a share after funds, fair protection for the $1.50 annual dividend rate. The prospect of some improvement in earnings this year, which might continue into 1956, may provide the spark for a somewhat better market performance for Erie than has been witnessed over the past year. At the same time, Wall Street analysts must look ahead to the probability of higher wage costs in 1956 and the effect of another round of wage increases on marginal carriers like Erie, which has not been blessed with the degree of traffic growth enjoyed by the southern and southwestern rails over the past 15 years.

Joins Roney Staff

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Horace S. Arthur is now connected with Wm. C. Roney & Co., Buhl Building, members of the New York and Detroit Stock Exchanges.

R. H. Cobb Opens

FT. WORTH, Texas—Robert H. Cobb, Jr. has formed R. H. Cobb & Company with offices at 2550 Boyd Avenue to conduct a securities business.

Bache Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo.—Bernard J. O'Dowd has become associated with Bache & Co., 1000 Baltimore Avenue. He was formerly with Goffe & Carkener, Inc.

Beebe, Guthrie Opens

HOUSTON, Texas — Beebe, Guthrie & Lavalle has been formed with offices in the Union National Bank Building to engage in a securities business.

Public Utility Securities

By OWEN ELY

Foreign Utility Companies

The Geneva Conference has created market interest in companies with an international background, due to hopes that international trade will show further gains and that foreign exchange conditions will improve. Some comment on foreign utility companies may therefore be in order.

International Tel. & Tel. is now about 90% telephone equipment and electronics and only about 10% utility, having sold its important utility interests in Spain, Rumania and the Argentine some years ago. While the company has made some mistakes in trying to diversify its U. S. manufacturing interests (it had a heavy write-off on Coolerator last year), the current outlook seems much improved. The Street estimates 1955 consolidated earnings (including the German subsidiaries for the first time) at around $3.50 and parent company earnings around $1.90-$2.00.

Brazilian Traction, Light & Power is a Canadian holding company, a huge diversified utility enterprise in Brazil, with a long and generally favorable record. However, the company has been hard hit by Brazil's inflation of the past two years, resulting from coffee troubles and inept Government policies stemming from the suicide of President Vargas. The elections this Fall may give the country a firmer political foundation on which to build a new economy and stop the headlong exchange flight of the Cruzeiro. The official rate is still 18.82 to the dollar, although in the free markets it has been as high as 200 or more to the dollar. Despite the inflation (or perhaps because of it) Brazil is expanding feverishly, and Brazilian Traction, despite a huge construction program in 1954, had to ration electricity in some areas, though this was due in part to a serious drought. There is also a backlog of 300,000 applications for telephone service.

The company recently passed its June dividend after paying in cash or stock since 1941, due primarily to the difficulty of bringing cash to Canada rather than from lack of Cruzeiro earnings. It is belatedly getting rate increases to offset inflation. Sooner or later the company (which has been operated over the years on a conservative basis in Canada) should be able to recover its former earning power and resume dividend payments. But how soon this will be depends largely on Brazilian politics and stabilization of the Cruzeiro.

Mexican Light & Power, also a Canadian holding company with financial roots in Brussels and London, was conservatively recapitalized in 1950, but did not get much cooperation from the Mexican Government for several years toward coordinating wage increases and rate increases. (Labor unions were a dominant factor.) However, with the new and progressive Administration under Mexican President Ruiz Cortines, and with the aggressive leadership of General Draper in the company, the situation has greatly improved. Despite the unexpected devaluation of the Peso last year, dividends were initiated on both the preferred and common stocks. The common stock has advanced from the low of $1.45 in 1950 to a recent high around 16. The management is optimistic that the Government will grant it a higher rate of return on its rate base, in order to permit future equity financing and stimulate the huge construction program needed to service Mexico's growing economy. If this assumption proves correct, earnings and dividends may be expected to show further improvement.

American & Foreign Power's operations are diversified throughout almost all of Latin America, but earnings last year were hurt by the inflationary conditions in Brazil, Chile and Mexico. Conditions in the remaining countries were generally favorable. The speculative "kicker" in this picture is, of course, the hopes for a recovery of some part of the $100 million investment in the Argentine. Negotiations have been under way with General Peron or his subordinates for several years. The Argentine Administration has become more favorably inclined to American business, but whether some of the investment can be salvaged for the benefit of common stockholders remains problematical.

British Columbia Power has enjoyed fine management under President Grauer. It is handicapped by having an extensive traction division, but nevertheless earnings have shown consistent rapid gains in recent years (from 87 cents in 1950 to $1.62 in 1954). The advent of natural gas, to be piped from the Peace River area to Washington and Oregon, is expected to stimulate the company's gas business over the next two or three years. The company does not issue interim earnings figures, but seems likely to chalk up another earnings gain this year. However, having established itself as a "growth stock," the issue seems to have become a little over-popular lately. At 38½, paying $1.20, it yields only a little over 3% and sells at nearly 24 times last year's earnings.

Another very popular Canadian stock is **Shawinigan Water & Power.** At 71, however, this stock yields only 2% and sells at 25 times reported 1954 earnings of $2.84. There are, however, some hidden earnings in the important chemical subsidiary, and it appears likely that the company will receive substantial rate adjustments on some of its hydro contracts over the next year or so.

Two smaller Canadian hydro stocks, **Gatineau Power** and **Quebec Power,** sell to yield about 3.5% and 3.6%, respectively. A large block of Gatineau is held by International Hydro-Electric, which is in process of conversion from a utility holding company into an investment company.

Cold War to Go on Regardless of Geneva, Janeway Predicts

Economist foresees continuance of armaments race between East and West with Great Britain as the Free World's Economic "soft spot." Sees continued metal shortage.

Regardless of what happens at the Summit Conference in Geneva, the Cold War is destined to go on with potentially disastrous effects for the British economy, according to Eliot Janeway, economist and President of Janeway Publishing and Research Corporation.

Eliot Janeway

In an analysis of economies of the totalitarian and the free worlds, Mr. Janeway pointed out that the armaments race will continue. "The major problem before the free world," he said, "is the ever-growing weakness of Great Britain whose internal economic structure is under the severest pressure because of the need for continued arming.

Squeeze on Britain

"Britain's problem," said Mr. Janeway, "is nothing less than how to load an altogether new arms program on top of a sold-out commercial boom. Her decision to build the H-bomb invokes building the bombers to deliver it.

"Her geographical position means that guided missile defense and radar coverage are even more vital to her than they are in America. And overseas garrisons and air bases cannot be abandoned by a nation that is stubbornly reluctant to sink from the center of an Empire to a Weakness. No wonder that the Defense Ministry has warned the government—in a classic of British understatement—of 'heavy expenditure' to come. Britain is responsible for the Geneva Conference, and nevertheless is launching a new arms program.

"Let America as well as Britain remember that modern air spending has inflationary implications far greater than the obvious immediate effects of government spending on aircraft production and aircraft employment. The new metallurgy that current aircraft programs are demanding will affect the future more dynamically than today's budgets inflate the present. The fancy new metallurgical requirements multiplying on top of Britain's overstrained resources call in every case for more and more heavy electric power (which calls for more and more steel, steel-making materials and coal—and credit). This is a case of a vicious spiraling upward."

Russian Weakness Denied

Mr. Janeway derided a currently held belief about "Russian weakness." He declared that the Austrian State Treaty had made it possible for the Soviet Union "to siphon out of our short supply the vital resources needed to consolidate and extend her present strength — copper products, cable and chemical-making machinery." Similarly, in the Soviet-Yugoslav declaration after the Tito-Khrushchev meeting, the Soviet Union is in a position to obtain through Yugoslavia essential commodities from the free world.

"This means famine ahead," said Mr. Janeway, "a famine particularly of metals and metal-working capacities. It is also a forecast of recontral and inflation paced upwards by labor and defense demand pyramided on one another. It is finally a forecast in direct conflict with the peace, disarmament and sweetness-and-light popularly expected—and recorded in the new bear market of the moment in aircraft stocks."

Describing Britain as the "free world's economic 'soft spot'," Mr. Janeway asserted that as the inflationary tide rises within Britain we will be less able to buy crops abroad unlike the Soviet Union and Communist China which are buying crops "hand over fist from distress, surplus-ridden agriculture here, in Canada, in Argentina and in Australia.

"Nevertheless, Britain could no doubt muddle through her present strain of go-forward consumption plus catch-up investment," he said, "if all she had to worry about was her economy. But her central, most critical difficulty is just that she is caught even more distressingly short as an armed power than she is as a working economy."

The German Bellwether

The most significant thing about the Geneva Conference is the Power which is not in attendance. "Germany today is synonymous with rearmament," said Mr. Janeway. "Moreover, the German economic trend parallels the British economic trend, and both together can be taken as forecasting the American economic trend. Thus, the British and German economic upsurge of 1954 forecast our own. The British and German spiral into metallic shortages forecast our own. The British and German revival of investment in heavy industry forecast our own. And the British and German problem of the day—how to load armament competitive with Russia's on top of today's Hell-bent-for-election-boom — is forecasting that our problem too will be not merely keeping up with commercial demand, but making room for defense alongside of it."

Hardcastle, Selland & Weintraub With Hutton

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Edward Parkman Hardcastle, Donald V. Selland and Herman W. Weintraub have become associated with E. F. Hutton & Company, 623 South Spring Street. Mr. Hardcastle was formerly manager of the municipal department in the Los Angeles office of Dean Witter & Co. Mr. Selland was with Hall & Hall and Mr. Weintraub with Stern, Frank Meyer & Fox.

Two With Barclay

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—John A. McPike and J. L. Sinson are now with Barclay Investment Co., 39 South LaSalle Street.

With E. F. Hutton Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Gerald W. Lennertz has become affiliated with E. F. Hutton & Company, Board of Trade Building.

Nelson Burbank Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Henry A. Steeves, Jr. is now connected with Nelson S. Burbank Company, 80 Federal Street.

Joins R. L. Day Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Christie Kondell is now affiliated with R. L. Day & Co., 111 Devonshire Street.

Continued from page 3

A Realistic Look at Interest Rates

things because they, too, have confidence in the future. In 1954, the country's producing corporations spent $26.8 billion on new plants and machinery. In the first quarter of the present year that sort of spending was running at an annual rate (seasonally adjusted) of $25.6 billion, and surveys revealed plans for further spending at a rate of $27.9 billion for the second quarter and of $28.8 billion for the third. With people spending freely and the outlook good, business and industry are willing to go ahead with new and ever-larger plans for expansion, to produce more goods more efficiently.

Economists call this sort of spending capital investment, or capital formation. In itself it produces no consumable goods; it merely produces the means by which consumable goods, such as vegetables and automobiles and shoes, may be produced in the future. But it does generate income for all those who take part in producing capital goods, and this purchasing power is added to that of those people who are engaged in producing consumption goods. This is the reason why capital investment, and increases in it, are such important strengthening influences in the business picture.

Naturally, and like most good things, this can go too far. If carried to excess it can have distinctly inflationary consequences. It represented about one-sixth of GNP in the first quarter this year.

Government Investment

In a broad sense, certain government programs can be considered capital investment, also. Tractors and bulldozers for road-building are not consumers' goods, for example, and the concrete used for roads cannot be eaten. But the workers who build the bulldozers and who grind and pour the concrete earn incomes, which they spend for usable things. Thus, considered nationally, total investment spending must embrace capital expenditures both by private persons and corporations and by Federal, State, and local governments. And governmental spending for this purpose is growing.

Complementary Government Spending

Nowadays there is much less emphasis by economists upon supplementary or pump-priming public works spending by governments than formerly. Such undertakings now are regarded, rather, as complementary; they should and do increase along with private investment. Indeed, it is difficult to see how that can be avoided. A new housing development, for instance, immediately presents to the community where it is located a demand for sewerage, water supply, streets, schools, hospitals, police and fire protection.

The Demand for Funds

The point which makes all this relevant to our discussion is that it represents a huge and growing total demand for funds. Just as the spending of all this money has the same effect whether done by government or by the private sector, so too does all of it have to be financed. And neither the plowing back or earnings by business corporations nor the raising of taxes, enormous as both these sources of funds are, will provide enough to cover the outlays presently envisaged as necessary or desirable.

Three years ago Dr. Frederick L. Bird, of Dun and Bradstreet's, called attention to a big deficiency in public construction, accumulated by postponements during the preceding 20 years. For highways, schools, hospitals, water pollution control and similar purposes he assembled figures indicating that $100 billion would be called for over the next decade to bring state and local public improvements in line with adequate standards of national economic efficiency and social well-being.

Just recently the "Construction Review," published jointly by the Commerce and Labor Departments, raised this figure to $200 billion. We are all more or less familiar with the President's highway program, which by itself called for spending $101 billion in ten years. Whatever happens to substitute measures such as the Gore Bill and the Fallon Bill, it is clear that Federal highway spending is going to be substantially increased.

Early this year the Council of Economic Advisors projected a gross national product of more than $500 billion in 1965 as a reasonably attainable goal. Mr. Keith Funston lately reported that technicians of the New York Stock Exchange had figured that a GNP of that size would require corporations to spend $375 billion on new plant and equipment. Of that amount, they might finance $60 billion internally, leaving about $160 billion to be raised outside. Mr. Funston hoped that it might be possible to finance half of this with equities, leaving $80 billion to be borrowed.

These are truly enormous figures, and they do not include billions for Federal aid to education, nor for such somewhat more remote things as for instance, the de-salting of sea water. Many parts of the country now have water shortages, and elsewhere the underlying water table has been falling for a long time. Water is a vital necessity, and the demand for it for manufacturing, irrigation, and domestic uses is leaping. It is easily imaginable that some years in the future we may have pipe-line networks stretching inward from the East, West, and Gulf Coasts, carrying fresh water from the sea.

The point here is this. I think total gross national product is going to continue to rise, and the $500 billion plus for 1965 projected by the Council of Economic Advisers is not at all unreasonable. The figure actually increased more than $100 billion between 1949 and 1954. A large element in the rise will be capital investment. Because, as I pointed out earlier, this provides no consumable goods immediately, it has a more potent upward effect on business generally than do consumption expenditures. Whether this increase in capital investment expenditures represents governmental or private spending makes little difference in the national accounts.

It hardly needs saying that the rise toward the projected goal will probably not be a straight line. There will be setbacks, very much, I think, like those we have already experienced since the end of World War II. They are good. They keep enthusiasm somewhat tempered with cautiion, and thus make long-run progress sounder by making corrections as we go along.

This Is Practical

Now you may be thinking that there is an awful lot of theory in all this; that it is, in fact, hardly being realistic or practical at all. On the contrary, I argue that it is extremely practical.

This outlook implies that the demand for capital funds is going to be immense, and that is where you come in as accumulators of savings and investors of money. You know the market for investable money is all connected together, and even though some money rates are more sensitive and flexible than others, an increase in demand relative to supply is felt throughout the whole structure of interest rates.

There may be times in the future when the governmental demand for funds to supplement taxes may be relatively less or more; the requirements of business corporations may rise or fall somewhat from time to time; the amounts of financing needed for mortgages on new homes may increase or decrease. What I suggest is that not all these are likely to move in the same direction at the same time. The increase in the total which I expect is bound to exert upward pressure on rates for all sorts of borrowing. While savings associations are primarily interested in home mortgages, other investors, such as life insurance companies for example, allow themselves a wider field. Perhaps at some time in the future you too may find it desirable to diversify somewhat. In any case, the freedom to choose among various types of investment which is enjoyed by the investing community as a whole insures that advances in one segment are sooner or later transmitted to others.

I hope I shall not be understood as suggesting that interest rates are going to shoot upward steeply and in a straight line. That is most improbable, for three reasons:

First: the movement in interest rates is likely to correspond closely to the growth trend of business. Just as there are likely to be minor business setbacks in the future, as I said earlier, there will be rises and falls in interest rates. There will be wrinkles in both curves.

Second: there is the institutional and contractual nature of savings accumulations nowadays. This is often cited as a potent factor tending to hold interest rates down. Though I grant the tendency, I think it can be easily exaggerated, relative to the demand for capital funds which now appears probable.

Third: there is the modern-day tendency to amortize loans. This faces the investment officer with a continual struggle to keep his resources profitably employed. There are times when the reinvestment of amortization and pay-offs, plus current savings accumulations, may temporarily overbalance the supply of new offerings. This makes another wrinkle in the curve. But in the longer run it is the net increase in savings against the net increase in debt which determines interest rates.

The Short-Run Outlook

This year, 1955, perhaps may be somewhat typical of the sort of conditions to be expected in most of the years immediately ahead. The demand for funds, long-term and short-term, is strong, while personal savings accumulations, as I indicated at the beginning, have fallen somewhat both absolutely and relatively. The supply of mortages gives no signs of falling off in the remainder of this year, at least. Net mortgage debt of individuals last year went up by $11.4 billion; the rise this year has been estimated as high as $12 billion.

Business corporations increased their long-term debts by $4.9 billion last year, and may approximate that figure again this year.

State and local government debt went up by $4.8 billion in 1954, a sharp increase over the $2.8 billion advance of 1953. Depending upon the speed with which some very large revenue district financing deals can be readied for market, and upon the degree to which Federal road-building plans may deter State undertakings, that figure may be either slightly less or more this year.

But the Federal Government itself already this year has supplied about $2¾ billion of long-term bonds to the market, and this amount is likely to be further increased either this year or next. The conclusion seems warranted that the total demand will be quite sufficient to absorb all available long-term funds.

That conclusion is reinforced by another and very important consideration. Last year investing institutions such as life insurance companies were able to supply a part of their need for cash to take up new investments by selling Government bonds in the market. They were bought by commercial banks, who in total increased their holdings by some $5.5 billion during the year.

This year the commercial banks are not likely to be in position to take these Government securities off the hands of long-term investors, or at least not in any such quantity. Thus the new investments of life insurance companies and others will be limited much more closely to their current accumulations of newly saved funds.

At just about the turn of last year Dr. Roy Reierson, of the Bankers Trust Company in New York, prepared an exhaustive demand-supply analysis. On the basis of that study he concluded that ". . . if business continues to improve and if the investment situation develops in about the manner assumed in the projections for 1955, one conclusion seems quite clear: the upward pressure upon long-term interest rates is likely to persist for some time to come."

Business has continued to improve; in fact, the improvement has been greater than most forecasters were willing to anticipate. And the upward pressure on interest rates also has continued.

Let me quote briefly from another authority which will be familiar to all of you. The United States Savings and Loan League in its "Quarterly Letter" for June has this to say:

"This year should see new records for commercial mortgage lending and for borrowing by State and local governments as well as for home mortgages. Despite high levels of business spending for new plant and equipment, internal sources of funds from earnings and depreciation will hold down the needs of corporations for external funds. Nevertheless, the total demand for long-term funds will tend to exceed the supply, thus keeping upward pressure on interest rates and maintaining keen competition for new savings."

Mortgages

Thus if the circumstances are as I see them, I think you don't need to worry very much about mortgage interest rates weakening. On the contrary, it seems likely they will remain firm, and perhaps even rise somewhat. Though VA-FHA mortgages lately have been selling along the East coast at par, I am told that in the Mid-West discounts of five or six points have been customary, and these are subject to adjustment as conditions change. As I remarked earlier, there is a fluidity in the markets for money which insures that pressures in one or several particular areas must be felt in the market as a whole. Though mortgage yields are perhaps less flexible than some others, they are not quite as "sticky" as it is sometimes thought.

For the savings association industry as a whole, some 75% or 80% of total mortgage loans are of the conventional type. Rates on these loans are subject to negotiation, and they are not immune to general rate changes either. It has been pointed out by an expert in the field that the interest on a conventional mortgage is by no means the most important item in the contract. For example, a borrower may be willing to pay a somewhat higher rate if the lender is willing to accept payments ahead of schedule, or in odd amounts, so as to avoid default when unemployment or disaster may interrupt his regular income.

Summing Up

Summing up very briefly, what I have tried to say is this. The outlook for the longer future—say, a decade—is for rising Gross National Product, in which capital investment will have a very important part. This will include private and governmental spending for capital purposes, and such spending has a very strong effect upon business as a whole. If not matched by taxes and/or savings, it may even represent an inflationary potential.

Such an outlook implies a large and growing demand for funds—particularly for long-term savings. Personal savings are not increasing as rapidly as disposable income, and thus there seems every reason to expect a moderately rising trend in interest rates.

Hardly any statement is more true than that markets will fluctuate, so we cannot predict a sharp and straight-line rising trend. There will be wrinkles in the rising curve, reflecting occasional business setbacks and psychological factors, but I think the bias is toward higher levels. This upward bias will permeate the whole of the market for money, and the mortgage market cannot be immune. I think there will not be a downward wrinkle in business and interest rate trends for the remainder of this year at the very least, and so this outlook applies to the short run as well as to the longer. This is the most realistic look at interest rates I can find.

Bankers Underwrite Goodyear Stock Offer

The Goodyear Tire & Rubber Co. on July 22 offered to its common shareholders rights to subscribe for 913,531 shares of $5 par value common stock at $50 per share on the basis of one share for each 10 shares held of record July 21, 1955. Subscription warrants expire at 3:30 p.m. (EDT) on Aug. 8, 1955. Dillon, Read & Co. Inc. heads a nationwide investment banking group which is underwriting the offering.

The offering represents the first public financing by Goodyear Tire & Rubber Co. in 27 years. Proceeds from the issue will be added to the company's general funds.

Expenditures for plant and properties during 1955 are expected to exceed $50,000,000, including substantial expansion of the synthetic rubber plants recently acquired from the government and other chemical and rubber production facilities. During the five years ended Dec. 31, 1954, expenditures for real estate, plants and equipment exceeded $210,000,000.

The company and its subsidiaries are engaged primarily in the manufacture and sale of rubber tires, tubes and other rubber products, and also manufacture and sell many other items including products for use in the aviation industry, various plastic products, chemicals and metal products. They have 26 plants in the United States and 17 plants in foreign countries. Through subsidiaries, the company operates for the government an atomic energy plant in Ohio and an ammunition loading plant in Indiana.

For many years, the company's consolidated net sales have exceeded those reported by any other company engaged primarily in the tire and rubber products in-

dustry. Tires, tubes, and recapping and repair materials represented approximately 57% of consolidated net sales in 1954, with no other product line accounting for as much as 13%.

Outstanding capitalization adjusted for the issuance of the additional common stock includes $250,145,000 of funded debt; $13,241,900 of preferred stock of foreign subsidiaries; and 10,048,846 shares of $5 par value common stock.

Among those associated with Dillon, Read & Co. Inc., in the underwriting are: The First Boston Corp.; Kuhn, Loeb & Co.; Morgan Stanley & Co.; Blyth & Co., Inc.; Glore, Forgan & Co.; Harriman Ripley & Co.; Inc.; Kidder, Peabody & Co.; Lazard Freres & Co.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane; Smith, Barney & Co.; Stone & Webster Securities Corp.; Union Securities Corp.; White, Weld & Co.; Dean Witter & Co.; and A. G. Becker & Co., Inc.

Dean Witter Places Securities Privately

Dean Witter & Co. of San Francisco, Calif., has arranged to place privately $2,100,000 of Interstate Finance Corp., (of Evansville, Ind.) 4¼% serial debentures, series E (subordinated), due July 1, 1958 to 1965.

An issue of $2,500,000 Western Light & Telephone Co., Inc. 3½% first mortgage bonds, due July 1, 1985, was also placed privately through Dean Witter & Co., The First Trust Co. of Lincoln, Neb., and Martin Investment Co. at par and accrued interest. Of these bonds, $1,250,000 have been delivered and $1,250,000 are to be delivered not later than Nov. 15, 1955. This utility will use the proceeds to retire temporary bank loans and for construction program.

Joins Joseph Blumenthal

(Special to The Financial Chronicle)

BOSTON, Mass. — Jacob Blumenthal has been added to the staff of Joseph Blumenthal, 79 Milk St.

With Richard J. Buck

(Special to The Financial Chronicle)

BOSTON, Mass. — Ralph W. Pierce is now with Richard J. Buck & Co., Statler Office Building. He was previously with Weston W. Adams & Co. and Moors & Cabot, Inc.

With Lamont & Co.

(Special to The Financial Chronicle)

BOSTON, Mass. — Herbert F. McDermott has become associated with Lamont & Company, 89 State Street.

With Piersol, O'Brien Co.

(Special to The Financial Chronicle)

KANSAS CITY, Mo.—John F. O'Brien has joined the staff of Piersol, O'Brien & Adams, Inc., 1012 Baltimore Avenue.

Garrett & Co. Opens New York City Branch

Garrett and Company of Dallas has opened a branch office at 52 Broadway, New York City.

Mid America Branch

LAS VEGAS, Nev.—Mid America Securities Inc. of Utah has opened a branch office at 120 South Third Street.

George R. McClellan

George R. McClellan, member of the New York Stock Exchange, passed away July 18.

Joseph R. MacMaster

Joseph Roswell MacMaster, associated with Hegeman & Company, Stamford, Conn., passed away July 20 at the age of 62.

Continued from first page

As We See It

wise evident abroad seem to him to be hardly more than poor excuses for bad behavior.

Doubts About Us

Yet there is ample ground for believing that just such doubts and suspicions of us have been at the root of a good deal that has been to our disliking in the postwar years. And if one dispassionately surveys our acts of late years in light of world history it is not difficult to credit these doubts as sincere and to understand their origin and their tenacity of life. In Europe there has been and doubtless still is a good deal of resentment about our intrusion into the affairs of the countries of another continent, but real fear of possible imperialist intentions on our part is located farther East. It appears to prevail throughout much of Asia—and Russia is at least as much Asiatic as European. In all these quarters this sort of distrust and fear is frequently concerned as much with our support of the so-called colonial powers as with any intentions we may have of going directly into any of these controverted areas.

It must never be forgotten that many of these peoples have century-long histories of subjugation and exploitation by Western powers. When not actually under the rule of foreign powers, they have often been largely at their mercy and sometimes ruthlessly exploited. The pattern of the behavior of the so-called colonial powers through the ages was definite and clear. It was painfully familiar to the dependencies. It often involved colonization and economic spoliation from which our international policies have been mostly free, but it likewise included military bases and various other arrangements which gave the colonial power military dominance. It involved various concessions and multiple intrusions of alien peoples and governments. It sometimes included loans and investment of capital.

Now it does not require a great deal of imagination to understand how very much alike much of our behavior during the past decade or two must appear to these rather benighted people who have known the West chiefly as represented by the colonial powers of history. We need only think how we should feel were any of these foreign powers to insist upon military bases or other concessions in the Western hemisphere. We should certainly find it difficult to accept protestations that nothing in the nature of imperialism was intended. Consider our successive steps in the Pacific. From Hawaii westward across innumerable islands to Okinawa and Formosa!

No total condemnation of imperialism is intended here. Let that fact be clearly understood. The rights and wrongs, the benefits and the burdens of colonialism, both to the imperial powers and to the colonial territories, are matters which lie well beyond the scope of this discussion. We here merely take note of the fact that colonialism did exist, that captive peoples have had their fill of it—or think they have. We further call attention to the fact that a good many of our foreign policies to the outsider, particularly to dependent areas, must smack of historical imperialism. We have nothing to say at this time about the wisdom or the unwisdom of this aspect of our foreign policies. We merely call attention to its existence and to the interpretation placed upon it by important powers with whom we are trying to get on better footing. We concede, indeed we take it for granted, that we actually have no imperialistic designs upon any peoples or any lands.

And the Russians, Too

Now there is little reason to doubt that Soviet authorities have held essentially this view of us and our doings. Russia, it is true, has not in historical times been the subject of any foreign power. Neither has it been exploited by any of the so-called colonial powers. It has, on the contrary, itself been in its way a colonial power, certainly a power with imperialist ambitions of a large order. Historically, it has thought in terms of imperialism, and quite naturally is inclined to suppose that other powers think in these same terms. Being in very substantial measure Oriental, it sympathizes with China and the other Asiatic peoples against the West. And there is, of course, the ideological tie to those peoples of China and elsewhere in the Far East who profess communism.

But over and beyond all that, the Soviet authorities in all probability, and not without cause, fully remember what Hitler's Germany did to their country. They do not forget World War I either, and the long, long antagonism with European powers. They probably feel reasonably well able to take care of themselves against any foreseeable combination of European powers—although the Russians are naturally fearsome — provided these Western European powers have no help from outside. But there is the powerful United States taking a very active interest in European affairs! History strongly suggests that most of these countries, if not all of them, are basically hostile to the Soviet. It strains credulity to believe that the United States is really only interested in peace in Europe and elsewhere, or so the Russian leaders must have said to themselves when setting out to Geneva.

Such a belief or suspicion on the part of Russia and Communist China may well have been the most serious obstacle to progress toward a relatively secure peace in the world. Was a real beginning made at Geneva toward removing it? We can only hope.

Jos. Rand Opens

HOUSTON, Tex. — Joseph H. Rand is engaging in a securities business from offices in the West Building, under the firm name of Joseph H. Rand & Associates.

With Haseltine, Gilbert

(Special to The Financial Chronicle)

MINNEAPOLIS, Minn. — William C. Joyce has been added to the staff of Haseltine, Gilbert & Wilson, Foshay Tower.

Two With John Kinnard

(Special to The Financial Chronicle)

MINNEAPOLIS, Minn.—T. Edward O'Malley and Edward D. Johnson have joined the staff of John G. Kinnard & Co., 133 South Seventh Street.

Minneapolis Assoc. Adds

(Special to The Financial Chronicle)

MINNEAPOLIS, Minn.—Olaf H. Norgaard is now with Minneapolis Associates, Inc., Rand Tower.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Insurance Stocks

Last May there was discussed here the 1954 gain to the insurance stockholder, the gain consisting of his increase in the year in equity, or liquidating value, plus cash dividends It was thought that because 1954 was a lush year marketwise, the showing of many of the companies listed would make an impressive record, and it did. Such were the mark-ups in the market of the higher grades of equities which the insurance investors in common stocks utilize that, perforce, liquidating values were sure to benefit; liquidating value in an insurance stock consists of capital and surplus, plus a proportion of the company's unearned premium reserve at the chosen date.

Naturally, the companies that stressed common stocks in their portfolio holdings enjoyed a larger increment from the market's big rise in values, as compared with those units that favored fixed income media. Indeed, it was pointed out in another article, earlier, on the subject of the 1954 change in the value of assets of the principal fire-casualty insurance companies, that in several cases the 1954 result was a greater gain than the ten preceding years had shown.

However, these articles on insurance stocks have consistently counseled the employment of longer periods of investment in fire and casualty insurance stocks to derive best results, and a ten-year stage is taken to bring out the results for such a span. To compensate for capital changes in the period, adjustments have been made for any stock dividends or split-ups; and it is assumed that exercise of rights, where these were offered, was effected.

To the increase in liquidating value in this decade, there has been added the cash dividend payments in the ten years (this, also, after adjustment for stock dividends and split-ups), and in several instances after adjusting for mergers. This total has then been related to the liquidating value at the start of the period, and to the market price at the same time.

	—Ten Years—			Ratio of Total Gain to	
	Increase in Liq. Value	Cash Dividends	Total	12/31/44 Liq. Value	12/31/44 Price
Aetna Casualty	$124.69	$20.30	$154.89	198%	$234
Aetna Insurance	49.61	20.95	70.56	109	144
Agricultural	25.58	13.76	39.34	102	135
American Ins.	28.34	8.70	37.04	186	249
American Re Ins.	23.22	6.25	29.47	183	220
American Surety	41.89	27.50	69.39	99	119
Bankers & Ship	77.48	19.72	97.20	194	323
Boston Insurance	28.92	11.24	40.16	146	166
Continental Cas.	40.88	8.47	49.35	318	369
Continental Ins.	81.84	22.31	104.15	228	281
Federal Insurance	21.00	5.20	26.20	178	208
Fidelity & Dep.	54.14	22.64	76.78	136	165
Fidelity Phenix	98.33	22.52	120.85	259	323
Fire Association	40.32	23.45	63.77	142	196
Fireman's Fund	41.59	12.95	54.54	185	152
Firemen's Ins.	45.27	6.75	52.02	276	447
General Re Ins.	21.59	11.14	32.73	70	84
Glens Falls	53.90	19.25	73.15	155	170
Great American	36.49	10.19	46.68	186	263
Hanover Fire	53.16	14.75	67.91	174	271
Hartford Fire	106.08	20.60	126.68	171	210
Home Insurance	42.25	16.30	58.55	179	223
Ins. Co. No. Amer.	70.06	16.03	86.09	267	285
Mass. Bonding	12.97	13.90	26.87	75	92
National Fire	68.21	23.85	92.06	102	165
National Union	26.89	15.54	42.43	100	103
New Amsterdam	43.81	13.00	56.81	133	213
New Hampshire	30.97	19.06	50.03	102	109
Northern Insurance	76.99	21.33	98.32	220	277
North River	28.85	11.40	40.25	150	190
Pacific Fire	109.13	24.84	133.97	216	347
Phoenix Insurance	64.32	21.66	85.98	129	169
Prov. Wash.	2.12	14.50	16.62	40	52
St. Paul Fire	22.29	7.21	29.50	174	168
Seaboard Surety	41.62	13.28	54.90	174	242
Security Insurance	25.44	15.30	40.74	85	124
Springfield	45.64	19.43	65.07	120	135
Standard Accident	45.67	15.45	61.12	145	176
U. S. Fid. & Gty.	57.59	15.87	73.46	209	253
U. S. Fire	39.49	13.55	53.04	143	193
Westchester	24.70	9.43	34.13	169	202

While, of course, it does not follow that the higher ratios belong exclusively to equity investors, it is true that all of the equity investors among these units do have relatively favorable ratios. In several cases other factors have contributed to the high ratios. This is notable in the case of Continental Casualty, a leader in the accident and health field. This company's growth has been both rapid and great, and this has been of much weight in establishing its excellent growth for its stockholder.

Continued from first page

Pillars of Our Foreign Economic Program

trust policy is enforced to carry our these ideas and prevent "restraint of trade." — Need we not also, if we are to stand on sound ground, support similar concepts in relation to our foreign economic relations? Thus, an anti-trust policy in trade at home and an anti-tariff policy in trade with other countries are measures cut from the same cloth.

Similarly, there is need to preserve the consistency of our foreign political policy and our foreign economic policy. For example, The United States was a principal architect of NATO, an organization of the Western European and North American nations for mutual defense. The policy which produced NATO is fundamentally the same as that which produced the Organization for European Economic Cooperation or the European Payments Union. The latter were economic institutions created to fortify and to fructify the military-political organ that is NATO. We strengthen all by supporting one of these organizations. If we withdraw support from one, we weaken all.

Four Pillars of Our Foreign Economic Program

Granted that our broad objective is to strengthen our ties with the Free World and to persuade neutral nations into affiliate with this group of like-minded countries, what are the means to this end? It is proposed to group them into four categories,. First, the United States must provide the world with an example of strong and sustained economic growth. Marxists never tire of repeating that competitive capitalism is a weak method of organizing production because it generates periodic crises and depressions. The United Statets can best refute this fallacious notion by showing an impressive record of steady growth with widely-shared improvements in the well-being in our own people. A second means to our objective is to press persistently for the reduction of trade barriers between nations. Thirdly, we should promote an expansion of United States investment abroad. Fourthly, we can wisely provide aid and other technical assistance to underdeveloped countries whicch, for one reason or another, are not yet ready for large investments on a business basis.

These are the four pillars of a foreign economic program for national security and prosperity. Some may sense an omission from this list. It may be asked whether the promotion of convertible currencies and freedom of international payments is not an equally important means toward our foreign economy policy goal. It is not. The problem of facilitating international payments and of restoring the free convertibility of national currencies is best solved by carrying out other policies. It is a consequence of beneficent international economic relationship, rather than an enabling condition itself. If we do other things well, monetary freedom will follow naturally. One mistake of American foreign economic policy in the past has been to put the cart before the horse. We have pressed too soon for free international monetary markets, before satisfactory trade and investment conditions, that alone make monetary freedom feasible, have been established.

Providing An Example of Sustained Economic Growth

Maintaining well-sustained economic growth, in the United States, with widely shared well-being, deserves first place in our foreign program. As a matter of logic, and in fact, is is the most weighty of all of the means to our goal. The fears felt by the Western European countries of an economic collapse or a serious recession in the United States are very deep. Indeed, they are almost morbid in their intensity. As a result of our collapse after 1929, the United States has acquired the reputation of being the world's greatest exporter of depressions. In good part this reputation is unjustly borne by us. Yet there is some evidence for it, and we must take account of the fact that it exists.

Most foreign countries, being economically smaller or less diversified than the United States, depend heavily upon export markets to earn their living. During the mild recession in the United States of 1948-1949, Western Europe's exports to the United States dropped some 22%. For individual countries, whose production was highly specialized to particular groups of commodities, the loss of market was proportionately greater. In this same recession Australia's exports dropped 36% and Chile's 34%. So that even an economic ripple in the United States during which our annual gross national production fell by only $100 million (comparing 1949 with 1948) produced a serious ebb in the exports of certain nations whose economies are dependent heavily upon a few commodities consumed in great volume by our own country.

During 1953 the writer had the experience of meeting in April and again in September with the economic experts of Great Britain and the Western European countries who were members of the Organization for European Economic Cooperation. During this period the United States was undergoing an economic setback. We were reducing our military expenditures sharply. Currently, American business firms were changing from inventory accumulation to inventory depletion, production and employment at home fell off. There was the most serious concern among the European economicsts whether the United States was again setting the world on the path of cumulative economic decline. Was another 1929-1932 to occur? The American position at this meeting was that the United States Government had taken actions adequate to counteract the business setback and to reverse it within a brief time. The Europeans were greatly reassured by these statements which, happily, were borne out by subsequent events.

Americans must not under-estimate the close attention given to the operation of our own economy by Europeans, and by Asians, Latin Americans, and Africans as well. Foreign peoples want to ally themselves with a country having a strong and successful economy. The importance of policies to foster strong and steady economic growth within this country may hardly be exaggerated. In the recent years we have been reasonably successful in this endeavor.

Pressing for Reductions in Trade Barriers

A second means of achieving our foreign economic policy objective is to press for reductions in the barriers to international trade. Now it is often pointed out, and quite accurately, that United States trade barriers are now relatively low. In 1954 about 55% of our $10.2 billions of imports entered free of duty; duties amounted only to about 12% of the value of dutiable imports into this country. If we compare our own tariffs with the tarifts, quotas, blocked currencies and other restrictions imposed by most other countries, they appear in a rather favorable light. Why, therefore, should we be concerned about lowering trade barriers?

The United States market is, as observed before, vastly larger and more diversified than the domestic market of any foreign country with which we are trading. We account for between 15% and 20% of the worlds international trade. For example, half of the entire Swiss production of jewelled watch movements comes to the United States, but Switzerland buys only a tiny fraction of the production of American automobiles or any other U. S. commodity. We must judge our tariff policy by reference to the relationships between our own large and economically strong situation and those of comparatively small economies, most of them highly specialized in their productive apparatus. Small wonder that our actions in international trade are watched very closely by foreigners, because their effects on individual countries are much greater than we can imagine. A proposal to subsidize United States dairy exports, as a measure to dispose of our surplus of dairy products, is viewed by a country like New Zealand with great alarm, because a quarter of all New Zealand's exports are dairy products.

The implications of American actions are magnified by foreigners almost beyond belief. For example, the Swiss were bitterly critical of the United States decision in mid-1953 to raise the duty, under the "escape" clause of our tariff act, on jewelled Swiss watch movements. In actuality the Swiss watch industry was not seriously hurt by this action; but it was interpreted by the Swiss and other Europeans as heralding a basic change in American tariff policy. The decision in the Swiss watch case was reached partly on the ground that United States national security required the maintenance of certain labor skills involved in making jewelled watch movements. Whether or not this was the case, we must sedulously avoid using national security as a shield for naked protectionism.

The feature of our tariff laws that other countries find most objectionable is the "escape clause." Under this clause an American manufacturing industry may obtain increased tariff protection, through a Presidential order, by demonstrating that it is being substantially damaged by the importation of foreign goods. Foreigners argue that their manufacturers must spend heavily in advertising and promotional expenses in order to enter the vast American market. After the foreigner has succeeded in building up a profitable sales volume, the American manufacturer can then go to the United States Tariff Commission and the White House, plead substantial damage, and possibly obtain increased tariff protection.

It is true that this possibility exists. It is also true that, if we look at the historical record, these apprehensions of foreign manufacturers are seen to be ill-founded. In fact, comparatively few tariff increases have been granted as a result of action taken under the "escape clause." Nevertheless, the possibility that such action may be taken does inhibit a more active effort to market foreign produce in the United States. Foreigners would feel greater assurance about the consistency and continuity of U. S. tariff policy if the "escape" clause were repealed. Serious instances of damage to essential domestic industries could always be handled by legislation.

During 1955 Congress renewed the Reciprocal Trade Agreements Act for a period of three years,

assuring some continuity in our tariff policy. We must hope for aggressive administration of the renewed Act by the President involving utilization of the powers which Congress granted him to negotiate reciprocal reductions in trade barriers. Our great economic strength and the diversity of our economy make it the part of wisdom on our part to take the initiative in this matter.

Promotion of U. S. Investment Abroad

A third course of action in our foreign economic program is persistently to promote United States investment abroad. There is yet more to achieve in foreign investment than in trade and tariff barriers. We are considering here normal private investment undertaken for profit, and not gifts or grants between governments, or "political" loans. After a great World War, with the ensuing disruption of international economic and commercial relationships, it is natural that foreign investment on a business basis will be laggard in its recovery. It usually revives after normal flows of trade and payments have been resumed.

International capital movements (apart from military and economic aid) are a much smaller fraction of national incomes than they were prior to World War I. This is true not only of U. S. capital exports but of international movements of capital generally. Since 1947 we have witnessed an amazing growth in national production which has not yet been matched by a comparable rise in the international movement of capital. The United States now accounts for about two-thirds of the world's savings and capital formation, and produces about 40% of world production of movable goods. In contrast, our net private long-term foreign investment in 1954 was about $1 billion —little more than one-fourth of 1% of our gross national production. This is far too little to achieve our foreign policy goals. It fails to advance the production and the living standards of the peoples of the Free World as rapidly as is possible and desirable. Moreover, our private foreign investment is highly concentrated. Half of it was made in Canada during 1954, and about three-quarters of the represented direct investment by American corporations in branches and subsidiaries rather than portfolio investment in securities of foreign companies. It was largely in petroleum and mineral industries.

As economic aid by the United States Government to the Western European countries terminates (it reached a high of nearly $5 billion in 1949), we should take strong measures to step-up the pace of private foreign investment on a business basis. Extensive investment opportunities exist in Europe, but compartively little private American investment has been made there until recently. Asia, Africa, and Latin America so far have received only negligible amounts of our economic aid, and, with the exception of Latin America, private investment in these continents has also been negligible.

The problems we face are formidable. Foreign investment on a business basis is not a unilateral transaction. It requires an "investee" country willing to act in a businesslike way as well as a willing investor country. The citizens of foreign countries must tolerate a rate of return to the American investor which does compensate for the extra risk, uncertainty, and effort involved in a foreign commitment. One reason why American private foreign investment has been relatively small since World War II has been the fast rate of **domestic** expansion. The alternatives at home have been so attractive as to deter the placing of funds abroad. Secondly, there is a need for assurances to the investor against expropriation of his property by a foreign government or against inability to withdraw funds. Such assurances can be provided by foreign governments or by the United States Government. Our Foreign Operations Administration in 1954 liberalized the terms and reduced the premium charged for insurance against expropriation or inconvertibility of U. S. foreign investments, thus providing an added inducement. There is also needed favorable, or, at the least, non-discriminatory tax treatment of foreign investments. We shall refer to this matter later.

Extending Economic Aid and Technical Assistance

The fourth road toward our foreign policy goal is to provide economic aid and technical assistance to the economically underdeveloped nations. There is much confusion between aid and technical assistance, on the one hand, and investment, on the other. Some regard economic aid, grants, or gifts as substitutes for foreign investment. They are really a necessary prelude to the establishment of a flow of foreign investment. A well-conceived program of economic aid and technical assistance can prepare a way, and create a hospitable climate, for mutually advantageous private capital movements. Western Europe offers a recent example. Its current economic boom is in part a product of nearly a decade of American aid and technical assistance rendered through the institutional apparatus of the OEEC, the EPU, and the European Producitivity Agency. In 1954 and 1955 we are now generating some foreign investment on a private basis, which may very well reach large dimensions. From this experience we can gain wisdom in dealing with the hard problems of underdeveloped economies, and persuading them that democratic capitalism is the best road to national well-being.

Broadly speaking, there are two ways by which a nation with a backward economy and low living standards may improve itself. One course might be called "lifting yourself by your boot straps." In essence, this is the method proposed by Communism. Communism creates physical capital by taking away personal economic freedoms, by brutally rationing down consumption, by forcing workers to produce capital goods. Thus it builds the national stock of physical capital by measures which impair freedom, violate civil rights and spurns democratic processes. If pursued long enough and rigorously enough, Communism may create the personal and physical capital by which the productivity of the worker and his living standards can ultimately be raised. In any event, this is the Communist strategy for underdeveloped countries.

The course of democratic Capitalism is radically different, although it does impose a discipline on the part of the capital receiving country. It eases and accelerates the process of capital accumulation by providing some of the necessary capital equipment through foreign loans and investments. These goods increase output per man-hour in the underdeveloped nations sooner than it could be increased through domestic means. They enable the underdeveloped nation to raise its living standards without the brutal suppression of human rights or of personal consumption. Our own nation trod this second road during the 19th century, utilizing the borrowed capital of the United Kingdom, the Netherlands, and other Western European countries.

We now confront the challenging task of putting the superior drives and incentives of democratic, competitive, capitalism to work in the economic development of the Free World during the second half of the 20th century.

In extending economic aid and technical assistance to the underdeveloped economies, there are dangers to be guarded against. First, there is the danger of confusing economic and military aid. The United States has erred in the past in tying economic aid too closely to short-term military objectives. We would have been wiser not to insist upon an obvious tie, even though it would have been harder to pursuade Congressmen to the wisdom of granting aid. The harder task, and the more important one, is to convince Congressmen that our national security is best "purchased" by taking a long view of the results of economic aid. A strong, free economy is our best ally. Yet it requires time to create, by means which may not initially appear to add to military strength.

Then there is the danger of becoming impatient. We tend to expect results too quickly from a program of aid and technical assistance. The problem in many underdeveloped countries is to change important aspects of a people's culture. Obviously, this is a task requiring a generation or more to accomplish.

There is also the danger of trying to spend too much money. Technical assistance is not relatively an expensive operation. It requires personal instruction on the ground rather than shipments of vast amounts of goods from America. Money is not substitutable for time and human contacts.

Finally, there is the danger of falling into the error of believing that backward economies, like those of Burma or Indonesia, require the same measures that proved salutory in the war-torn countries of Western Europe. New approaches and methods of aid and assistance are necessary for nations whose cultural inheritance, unlike that of Western Europe, differs so radically from our own.

Recent Steps Toward Our Goals

Is the foreign economic program of the Eisenhower Administration advancing us toward our goal, by taking necessary steps in the four fields of action?

President Eisenhower's legislative proposals were based primarily upon the recommendations of the Commission on Foreign Economic Policy, of which Mr. Clarence Randall was Chairman. The Randall Commission performed a signal service to the country by making a fresh appraisal of our foreign economic policy. It broke away from traditional Republican and Democratic cliches. It proposed a series of moderate, practical measures for immediate action, not an idealistic blueprint of long-term goals. The major features of the Eisenhower program embraced measures in each of the four fields of action discussed previously.

First, to provide for sustained economic growth, the President wholeheartedly accepted the philosophy of the Employment Act of 1946. He reestablished the Council of Economic Advisers. His Administration had notable success in avoiding depression in 1953-54, and releasing new forces of economic growth. Thereby, it enormously enhanced the prestige of the United States abroad. American prosperity paved the way for liberalization of international trade and payments more effectively than any other action could have.

Secondly, to promote international trade the President asked for a three-year renewal of the Reciprocal Trade Agreement Act with powers to the President to reduce tariffs by 5% a year, to reduce tariffs up to 50% on goods not imported in significant quantities, and to reduce to 50% tariffs with rates above this amount. In all cases tariff reductions are to be made through negotiation in return for reciprocal concessions to the United States. Congress granted him most of these powers. The President modified the "Buy-American" policy by Executive Action, so that no more than 6% preference is given to American bidders on U. S. Government business. Prior to this change the margin of preference to the American bidder—and of discrimination against a foreign bidder — was very substantial. The President recommended an increase in the duty-free import allowance to tourists from $500 to $1,000 every six months, and he asked for legislation to simplify customs classification, valuation procedures, and customs administration. He requested approval of United States membership in the Organization for Trade Cooperation to administer GATT. (GATT is a general reciprocal trade treaty negotiated with a group of nations under the Reciprocal Trade Agreements Act and dealing with some 8400 trade tariffs).

To foster United States investment abroad, certain important practical steps were proposed. Most important was the proposal to extend the tax-rate preference of 14 percentage points, now granted to Western Hemisphere trade corporations, to **all** income derived by American businesses from investment abroad. Over a period of time, this can have a highly stimulative effect on foreign investment. The Secretary of the Treasury also announced that he would actively use his current powers to negotiate tax treaties with foreign countries, whereunder the United States would give full credit for taxes waived by foreign countries, for a specified period, just as it now gives credit for taxes imposed by foreign countries. The lending powers of the Export-Import Bank were increased, and the Bank was freed from some controls which had previously inhibited it. The President requested the Congress to contribute to the capital of the proposed International Finance Corporation, which, as an affiliate of the International Bank for Reconstruction and Development, would provide risk capital for new enterprises in cooperation with private interests in other countries. An organization of this kind could fill a real gap in international finances.

Finally, to provide aid and technical assistance to underdeveloped countries the President asked for continued United States support of the technical assistance program of the United States. He requisted a $3½ billion appropriation to continue the United States program of economic and technical aids program, of which about $1 billion was earmarked for Southeast Asia.

These are modest steps toward our foreign economic policy goals; but they are firm steps in the right direction. If they are taken and followed by other steps along this road, we shall assuredly strengthen the Free World and win the support of neutral peoples. By steadily widening the circle of nations which elect to follow the road of democratic capitalism, at home and abroad, we shall help establish the conditions of peace and prosperity in the world and advance our own national welfare.

First Boston Corp Completes Secondary

The First Boston Corporation and 121 associated underwriters completed after the close of the market on July 26 a secondary distribution of 178,100 shares of Aluminium Ltd. capital stock at $103.75 a share. The offering was quickly oversubscribed and the books closed.

Chas. Davis Co. Forming

Chas. Davis & Company, members of the New York Stock Exchange, will be formed as of Aug. 5 with offices at 100 Broadway, New York City. Partners will be Charles Davis member of the Exchange, and William F. Igoe who will acquire a membership.

Adams & Peck to Admit Call to Partnership

Adams & Peck, 120 Broadway, New York City, members of the New York Stock Exchange, on Aug. 4 will admit William B. Call to partnership in the firm. Mr. Call is Manager of the research department.

Continued from page 6

Economic and Financial Aspects Of Productivity Measurement

unit by which to measure our output for purposes of computing changes in productivity. The constant change in specifications, to say nothing of other factors, virtually precludes finding a single-figure index of "physical units" as we know it.

Let me repeat—for purposes of measuring labor productivity, especially when we begin to use that measure for compensating labor, it is almost impossible to find a physical unit of measure that would remain unchanged even for a few months, let alone for a period of years.

Now, of course, I am fully aware that most of us do measure productivity on the individual operation, and that with all the precision (and perhaps a little guesswork and averaging) made possible by stop-watches and the most approved methods-time-motion procedures available. I am not objecting to that, nor depreciating its value. I am simply saying that despite all of that, we cannot collect into a single figure for our entire plant, the several productive rates on individual operations. We have no means of constructing a composite index of physical-unit productivity that will reflect the variety of grades, qualities, styles, colors, sizes and shapes of our output. And even if we did have, a few changes in specifications would make our original unit increasingly less trustworthy for purposes of measuring productivity per man-hour of labor, or per dollar of payroll. And even if we hurdled that one, we would face still another.

We would be faced with diverse up and down movements in prices and in wage-rates, so that we would have no good and uniformly trustworthy means of converting our physical-unit measure into something we could safely compare with man-hours of labor.

I suppose that it could be done, at least after a fashion, and with the expenditure of uneconomic amounts of time and effort, and money. Nothing is impossible, but it may be altogether impracticable for most of us, nonetheless.

And it may be unnecessary, especially when most of us have at hand in our business, a perfectly satisfactory measure of commercial or economic measure of our output, and likewise of our labor input. What is it?

As respects labor input, we know both the total cost to a penny, including direct and indirect, premium pay and shift differentials, vacations and holiday pay, and all forms of deferred or "fringe" benefits. Te be sure, conventional accounting often identifies "direct labor" as a single figure, and lumps indirect labor and "fringe" into the factory burden account, but they can be sorted out so as to obtain a single-figure labor expenditure.

So also can we obtain the corresponding hours worked by hourly rated labor.

Now, how may we best measure the plant's utilization of labor input? In other words, how can we get a single-figure showing what we got in return for the labor input?

The simplest and most understandable figure is that representing what we received from customers for the man-hours of labor input, quite clearly distinguished from raw material costs with whose production our own labor has nothing to do. This figure is sometimes called "value added by manufacture," or "income from conversion"—I term it Production Value because it represents the market worth of our own productive efforts, separate and distinct from raw material costs.

The determination of Production Value for these purposes is not always an easy and simple thing; it requires considerable "know-how" and experience. However, it is easy to describe it so that everyone will recognize it. Production Value is the dollar sum remaining after deducting from sales value of output, the outside purchases of raw materials, supplies, and other items.

As you will readily appreciate, Production Value represents 100.0% of the economic contribution of our plant; somewhere along the line in making up a nation's Gross National Product our contribution with that of all others, becomes a part of the national figure. The national Gross Product is simply the "value added" by the entire national productive effort. It is national Production Value.

And, of course, Production Value, on both a national basis and an individual plant basis, is also 100.0% of our internally disposable income. That is all there is; there isn't any more.

In each individual plant, we have found that this figure best integrates all changes in product specifications, process and methods improvement, wage-rates and productivity in terms of physical units. It is directly proportionate, or tends to be directly proportionate to labor costs. Or to turn the equation around,

Total labor costs are directly proportionate, or tend to be directly proportionate to total Production Value.

This fact may surprise you. Certainly, it surprised me when I first discovered it more than 20 years ago. But it is true, both for entire mation's and for individual firms. The accompanying chart gives the data for the United States over almost 40 years. This is taken from a detailed report entitled "**Progress in Productivity and Pay.**"[2]

Our research reveals that manufacturing wages in the United States are almost a constant percentage of Production Value, the measure of industry's economic contribution.

That percentage is 39.395%, plus or minus 1.6%. In other words, over the entire period, 1914 to 1953 for which we have official data, the deviation or fluctuation in that percentage is confined within a narrow band of plus or minus 1.6%.

By the same token, if we regard Production Value as 100.0% of our economic or internally disposable income, then paying 39.395% for labor alone leaves us a "margin above labor costs" of 60.605% for all other compensation costs, non-compensation costs, and ownership obligations including profit. These two figures are known as the Rucker near-constants; as we shall see shortly they are extremely useful figures.

Let me interject here, however, that no individual firm or plant can expect to have its own near-constants the same as the national averages. We have found both in the United States, Canada, England and Germany, that each firm will have its own near-constants and only by random chance will they be close to the national average of that country.

Let us see what happens in the measurement of productivity per man-hour when we use Production Value as our measure of output.

We need only to divide Production Value by total man-hours of labor input, and we have the economic measure of productivity per man-hour. This is a single figure for an entire plant, for any given accounting period, month, quarter-year or fiscal year.

This figure tells us the economic utilization of labor hours, that is, what we got for our efforts in the form of internally disposable income. This is an extraordinarily important figure in showing the effectiveness of management. Of this, we shall see more a little later.

But first let me say that I am aware of the fact that for certain operations, many plants already have a measure of the output per direct-labor hour only. Those are the plants with some form of piece-rate, or premium-hour individual-worker incentive plan. In such plants, management will know the standard and the actual output for a variety of operations, and for each individual employee covered by the plan.

And yet even those plants will not have a single-figure which expresses the productivity of the plant as a whole. Even when the average performance of covered workers is used, it excludes at least the indirect labor and often much of the direct labor which is not covered by such plans. Moreover, of course, that average ratio is not expressed in either any known physical-unit or yet any monetary figure of company return for the effort. If we try to translate the available ratio into company return, we should have to come back to money figures and these would be "Production Value" per man-hour or per dollar of wages paid. It is not otherwise possible to find a true measure of economic productivity.

This fact does not mean that measured standards on individual operations are not useful, and indeed often essential. It simply means that for certain broader purposes of management, physical-unit operational standards do not serve the purpose. And, it may well be that they do not serve broad economic aims, either. For example, such plans paying the employee on a 1:1 basis, represent a constant unit labor-cost per piece or operation. There is no money-saving or time-saving in direct-labor, insofar as what may be passed on to the customer. This realization accounts, in some part, for what apears to be an American trend away from individual-worker incentives.

If our mail in Cambridge, Mass., is an indication, not a few Canadian firms are following this trend. As nearly as I can judge this tendency, it will end up by fewer firms paying labor on a basis of operations or pieces per hour—a physical unit basis. But it will not end up by abandoning time and motion study as a means of improving methods and output; these are essential if we are to obtain more units per hour. But it is not essential to pay labor by the piece or by the operation; indeed with the tendency of wages to rise more than twice as fast as prices we can collect for the product unit, it may be imperative NOT to pay by the piece.

What may happen, instead, is that we shall consciously pay on the basis of what we have to pay with, in other words, in proportion to Production Value. Actually, most firms are doing this anyway, without realizing it perhaps. To illustrate:

Let me call your attention to Table III with this paper. Here we have for the past five years the American manufacturing averages Production Value per man-hour, and gross wages (including fringes and overtime) per man-hour. Since I will be glad to provide a copy of the original paper[3] in which we first presented these figures to any one who wants it, I shall simply give this summary:

Production Value per man-hour, i.e., commercial productivity per man-hour rose from $3.33 to $4.586 in a five-year period. This is a sizable increase in commercial or economic productivity. It includes not only improved physical-unit productivity per price increases as well. What did manufacturers average to obtain from productive effort; Simply this amount of $4.59 in the year 1954, per man-hour paid for.

What did they average to pay labor per man-hour?

Over a five-year period they paid almost exactly the same percentage of this economic productivity — even though hourly wage-earnings rose from $1.329 to $1.807. In other words, the increase in wages was in direct proportion to the increase in commercial productivity. The economic labor cost was a constant, that is 39.395% within very narrow limits of fluctuations, plus or minus. And this is the same near-constant which American industry has been paying since the turn of the century.

Now, also, we find that management's margin "over labor costs," that is, productivity per hour in dollars minus wages per hour, likewise has risen over the past five years. It rose from $2.001 to $2.779 in 1954. For all practical purposes, the increase was the same percentagewise as the increase in economic productivity per man-hour.

And, consequently, the percentage "margin over labor-costs" was 60.605% within narrow plus or minus fluctuations. In brief, management's share of production value tends to be a near-constant, just as does labor's share of production.

"Can it happen here? In other words, is such a thing possible in my business?" I realize that your first impression is to say "impossible."

Let me hasten to say, therefore, that I have examined scores of different industries and firms, both here and in Europe. Then I emphasize and underscore this observation: **it is a rare firm indeed which does not tend continuously to pay to labor a nearly constant share of its production value.** In other words, pay is proportionate to economic productivity—and all increases in money wages are proportionate to increases in economic productivity. You may want to look again at Table II, showing the U. S. Manufacturing experience since 1914. Regardless of boom and depression, war and peace, inflation or deflation, Republicans or Democrats, this virtual law of industry continues to operate. (See also the appended chart.)

Now you will have one very serious objection to this; or at least some of your associates among the industrial engineers will possibly have some objections. They will tell you, "But that is impossible; look at all the labor-savings we have made over the years."

You as controllers may be inclined to reserve judgment until you ask "where are those labor-savings?" You and I know full well that improved equipment, more capital investment, better methods and better product design, have indeed tended to cut the labor-time per unit of product. There have been time-savings. I figure that on the average industry in the past five years has cut labor-time about 20%; in the past 40 years, it has cut labor-time per unit by the almost unbelievable figure of 70%; as compared to 1914. That is why some automobile engineers have said that if we made a modern car by the methods and at the productivity rate of the year 1914, the car selling for $3,000 today would have to sell for $30,000 of the same kind!

In one plant in the mid-west, not automotive, the time-and-motion study engineers showed me conclusively that they had cut labor-time in a five-year period by more than 20%. Nonetheless, their wages remained almost precisely the same percentage to Production Value as before—the range of variation was less than one-half of one percentage point.

Why is this? The reason will at once occur to you. We make savings in labor-time on a piece-meal basis, first in one operation and then in another. But we make wage-rate changes "across the board" and we do it almost every year. On the whole, industry raises hourly wage rates almost twice as fast as it can decrease labor-time per unit of product.

If this were not the case, competition would prevent prices from rising at all. That is, if wage-rate increases were limited strictly to improvements in physical-unit productivity, prices would tend to remain stable. And, if there were not improvements in that respect, prices would rise at practically the exact same rate as the increases in hourly wage rates. They would have to, or industry would become bankrupt.

So, as a sort of compensating mechanism, our private enterprise system strikes a balance; it ends up by paying labor in proportion to the realized market worth of the conversion process, in proportion to Production Value. And it also ends up by paying management on exactly the same principle, a virtually constant share of production value. (See Table II and appended chart.)

It is well that this is so, gentlemen. For consider what would happen if it were not so.

Either total wages would not rise as fast as production values, or they would rise faster. If total wage payments lag behind production value, becoming less than 39% or say 29% or 19% or 9%, then somewhere along that road, no one would work for us. We would indeed have labor troubles; we might be fortunate if we did not have a revolution.

On the other hand, if wages rise from 39% to 49% to 59% and perhaps to 89% or 99% of production value, then somewhere along that road there would not be anyone to work for—most firms would be bankrupt.

In brief, any persistent reduction in management's share of production would diminish the incentive for managers and owners to continue in business. And likewise, any persistent reduction in labor's share of production would diminish labor's incentive to work but probably add tremendously to labor's incentive (and reason) for

2 **Progress In Productivity and Pay, all U. S. Manufactures Combined, 1914-1947, available from The Eddy-Rucker-Nickels Company, Cambridge, 38, Mass. $3.50 per copy.**

3 **See Operations Control — How to Measure Labor Savings, Reason 552 available from The Eddy-Rucker-Nickels Company.**

TABLE II

Manufacturers' Operating Margin Above Labor Costs

(Productivity per Man-Hour minus Hourly Labor Cost)

All U. S. Manufacturing

Per Man-Hour	1947-49	1950	1951	1952	*1953	*1954
1. Product'n value (economic product.)	$3.330	$3.784	$4.041	$4.246	$4.485	$4.586
2. Hourly gross wages (Labor's share)	—1.329	—1.459	—1.609	—1.673	—1.767	—1.807
3. Hourly oper. margin (Mgmnt.'s shr.)	$2.001	$2.325	$2.432	$2.573	$2.718	$2.779
4. Percent margin to production value	60.09%	61.44%	60.18%	60.60%	60.60%	60.60%

SOURCE: U. S. Census of Manufacturers data, with per man-hour figures supplied.

*Preliminary estimates from B.L.S. data extended by means of the Rucker near-constants.

quitting and even for striking, or worse.

It is a very good thing indeed that we have this wonderful compensating balance in our private enterprise ssytem — that pay is proportionate to production value.

For purposes of overall business control, and for intelligent compensation policies and even for collective bargaining, this measure of productivity can be one of management's most useful tools. It gives a meaning to productivity that even the most illiterate worker can easily grasp. All he needs to know is how to count money.

Productivity—Its Industrial Future

What can we do with this measure of productivity? I suspect that this audience of controllers is already far, far ahead of me in answering that question. The uses are almost unlimited; let me cite a few, perhaps in a somewhat different order than you are now thinking.

First, and probably foremost, this principle of share of production spikes forever the doctrine of Karl Marx. That doctrine was to the effect that under private capitalism, the condition of the worker tends always to become worse and worse; that prices always rise faster than wages, or wages fall faster than prices decline. If you will look again at Table I, you will see that this is not true in either Canada or the United States; quite the contrary. Once this fact becomes known throughout industry, and among working men and women, we need have no fear of communism and socialism. In those types of countries, note that wages lag behind prices, or at least do not rise faster than prices. It is an exclusive characteristic of private capitalism that wage earnings rise faster than prices. This truth is an incentive for wage-earners to actively support, and work for private capitalism's continuance.

The second use of this principle is that it is a perfectly natural, understandable and predictable basis for compensating our help, and for winning greater cooperation with management in raising productivity. Wherever we offer to pay labor its historic share of production, we have an immediate incentive for labor to help us in management to increase production value per man-hour. This Plan, generally known as the Rucker Plan, has been used for periods of one to 16 years, in a varied list of industries in the United States, Canada, Porto Rico, Germany and England.

In one English plant, the first firm in England to install the Rucker Plan, the union shop steward first asked over 40 questions, all pointed. Then he volunteered: "I'm all for it; it is the first time we've ever had a fair 'do'." To show for that, the management scored an increase of almost 15% in production value per man-hour in the first month of operation.

These references simply by way of illustrating how to turn this measure of productivity and this principle of share of production to good account.

A third use of this measure, even without installing the Rucker Plan, is that of a management measure of commercial productivity and a guide in collective bargaining. How often do we hear management condemning a union's demands; and declaring flatly that it will not raise wage rates? And how often, after a strike of days or weeks, does management settle at some higher figure, with or without going to arbitration?

What's the point of all this foolishness? Either we have figures showing what we can do in the first place, or we don't have them in the second place either. Then why "go to war" with our help? Why not go and get the figures? To me it is simpler, and more sensible to do this:

(a) Find your standard "labor share of production."

(b) Compare the present year's score and note any deviation.

(c) Then add in the union's demand, and see what increases in the share will result.

(d) Then you know that in order to restore the balance, you must (i) increase prices, (ii) increase productivity or (iii) bargain down the union demand—or effect some combination of all three.

It should not be too difficult to estimate then what proportion of the total needs to be accounted for by the three elements. In more than one instance personally known to me, the management has had the active help of the union in working out the final solution. In two instances, the union volunteered a statement to the effect that "we don't want any contract changes that will make it harder to get business from the customer."

The principle here outlined, the Rucker Principle of share-of-production, serves to broaden the area of facts known to labor and management, and to narrow down the area of guesswork and opinion. I am encouraged to believe that its future in that respect alone is a bright one. I know of no other approach that equals it for simplicity, ease of understanding by all concerned, and so appealing to the innate common sense of people.

Such measurements of productivity have a high usefulness in other fields. For example, who among us does not wish to anticipate the future, especially the future growth of our country and of our business? Which a few comments on "bringing the future into focus" I close.

I have endeavored to project the growth of Canada in certain economic aspects in Table III. If you will accept this as a projection, not as a forecast, and will realize that the projection is necessarily a straight-line trend of growth, you will know that in the next ten years cyclical fluctuations in business may carry above and below this straight-line trend. With this in mind, what is ahead in Canada at the rates of growth computed from 1929 to 1954, as in Table III?

Population will be more than 30% greater than now; Canada will probably have over 20 million people. In other words, there will be upwards of five million more bodies to feed, clothe and house, and to provide with all the good things of life—a great expansion in the Canadian market; also great pressure on hourly wage rates.

The Labor Force, however, will grow only about 17%—a signal of coming labor scarcity and a warning to put your compensation policy on a basis that will continuously attract and keep good workers.

Manufacturing Output will be up about 77% over 1954, and will gain, however, only 34% per capita of population. You will want more capital investment, and will need better selling and advertising.

Man-hours of employment in manufacturing, at present rates of growth, will gain about 14% by 1964. This gain is less than the gain in the labor force, forecasting probably a coming decline in the length of the work-week, and the drain of expanding service industries on the available labor supply. Here, again, one may anticipate the need for constructive compensation policies and progressive increases in capital investment.

Hourly-wage earnings, at current rates of growth, will almost double in ten years, reflecting the labor-shortage above mentioned and the pressure of a growing family population on the bread-winner's pocket-book. It is almost trite to reiterate that a new and for more constructive compensation policy will be wanted in every firm.

The gain in average productivity per man-hour at present rates would be approximately 57%, far more than perhaps you might expect, but also far, far less than enough to prevent prices from rising. In other words, management will be continuously under the necessity of somehow balancing its changes, so that the combination of higher prices will serve to maintain stable the respective shares of labor and management in Production Value.

On the average, in light of the past five years, the gain in productivity will not be sufficient to offset the rise in hourly wage-rates; to maintain economic balance in industry prices will, therefore, have to be advanced, probably about 27% above current levels on the average.

As you will be quick to appreciate, productivity computations will become almost essential to management in trying to anticipate and to provide for future developments and contingencies.

It is only natural to expect that the controller in the future will want to be, perhaps must be, a man capable of increasingly broad vision. From a past responsibility concerned primarily and often solely with the impact of internal operating factors on company costs and profits, he will soon be more and more concerned with the future impact of dynamic economic development upon his company's growth. And he will be increasingly more alert to the coming problems, and the coming opportunities, which those developments will present.

From my point of observation, I venture the general forecast that within ten years the controller will be far less a man of hindsight based on historical figures, and far more the man of foresight based on trend of the dynamic factors of economic development. It is a field full of bright promise for advancement, containing some hazards, but likewise overflowing with opportunity for constructive achievement and intense personal satisfaction.

I commend its possibilities to you, especially in the area of increasing management and labor understanding of Productivity, Its Meaning, Its Measurement and Its Industrial Future.

TABLE III

Ten-Year Growth Projection

Index Numbers (1949=100.0)
and Percent Increase, 1954 to 1964
For Canadian Industry

	Index 1964 (1949=100.0)	Percent Increase 1954 to 1964
1. Population	150.1	31.8%
2. Labor force	126.0	17.2
3. MANUFACTURING OUTPUT	‡236.5	†77.4
—per capita of population	157.6	34.7
4. Man-hours employment	121.2	13.8
5. PRODUCTIVITY per M/H	‡196.2	†56.8
6. Payroll, production workers	368.4	145.6
7. Wages, average hourly	279.6	98.6
—purchasing power of	196.2	56.8
8. Labor costs per unit	142.8	26.8
9. PRICES, manufactures	142.8	26.8
10. Prices, relative to hourly wages	51.0	—36.2(a)

(a) Decline.

SOURCES: †Preliminary, subject to later revision. ‡Projected in absence of complete data.

NOTE: Index numbers have been projected for ten (10) years at the compound annual Growth Rates shown in Exhibit I. Necessarily, this projection assumes no change in those Growth Rates. Hence, this table is not a forecast, but simply a projection of possibilities. Cyclical fluctuations above and below the straight-line trend may be expected.

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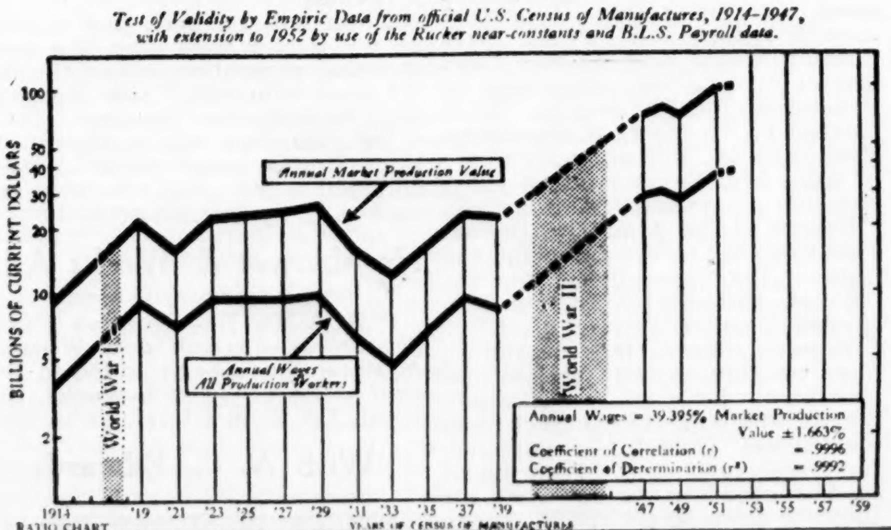
THE RUCKER SHARE OF PRODUCTION PRINCIPLE

All U. S. Manufacturing Combined

Test of Validity by Empiric Data from official U.S. Census of Manufactures, 1914–1947, with extension to 1952 by use of the Rucker near-constants and B.L.S. Payroll data.



Source: PROGRESS in PRODUCTIVITY AND PAY *All U.S. Manufacturing Combined (1952)*
1914-1947-- U.S. Census of Manufactures, U.S. Dept. of Commerce.
1947-1951--Survey of Manufactures, U.S. Dept. of Commerce.

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Utah Nat'l Secs. Corp.

SALT LAKE CITY, Utah—Utah National Securities Corporation is engaging in a securities business from offices in the Ness Building. Chris S. Metos is a principal of the firm.

Two With Smith, La Hue

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—Walter H. Kuhlman and Malcolm A. McLean have joined the staff of Smith, La Hue & Co., Pioneer Building.

Juran & Moody Adds

(Special to THE FINANCIAL CHRONICLE)

ST. PAUL, Minn.—William D. Hurley and Joseph R. Powers are now with Juran & Moody, Inc., 93 East Sixth Street.

Joins Kalman Staff

(Special to THE FINANCIAL CHRONICLE)

ST. PAUL, Minn. — John A. Wilkie has joined the staff of Kalman & Company, Inc., Endicott Building.

With State Bond & Mtg.

(Special to THE FINANCIAL CHRONICLE)

NEW ULM, Minn.—Robert E. Cartwright and Paull R. Huggins are now connected with State Bond & Mortgage Co., 28 North Minnesota Street.

Bankers Underwrite Western Union Offer To Its Stockholders

The Western Union Telegraph Co. has sent to its shareholders warrants evidencing their rights to subscribe to 1,036,052 shares of the company's common stock at $20 a share. Shareholders may subscribe for the additional shares at the rate of one new share for each five shares held of record on July 22. The subscription rights expire on Aug. 8, 1955.

The offering has been underwritten by a nationwide group of 121 investment dealers headed by Kuhn, Loeb & Co.; Lehman Brothers; Clark, Dodge & Co., and Salomon Bros. & Hutzler.

Western Union will use the proceeds to finance future plant expansion, particularly in its facsimile and private wire services. Since World War II, Western Union has carried out a vast mechanization and modernization program and gross additions to its plant have totaled $162,900,000.

With the issuance of the additional shares, the company will have outstanding 6,217,849 shares of common stock. As a result of a refunding completed last month, the only other outstanding securities of the company are $38,500,000 of 25-year 4⅛% debentures due 1980.

Net income from current operations in 1954 was $9,589,898, equal to $1.94 on the average number of shares outstanding during 1954, as adjusted to give effect to the four-for-one split of the shares on May 17, 1955.

The company's most recent dividend was 25 cents a share, paid on July 15, equivalent to the dividend paid prior to the split.

Included in the underwriting group are: Blyth & Co., Inc.; Eastman, Dillon & Co.; Glore, Forgan & Co.; Goldman, Sachs & Co.; Harriman Ripley & Co., Inc.; Kidder, Peabody & Co.; Lazard Freres & Co.; Merrill Lynch, Pierce, Fenner & Beane; Smith, Barney & Co.; Stone & Webster Securities Corporation: Union Securities Corp.; White, Weld & Co.; Dean Witter & Co.

Also A. C. Allyn & Co., Inc.; Bache & Co.; Bear, Stearns & Co.; A. G. Becker & Co., Inc.; Alex. Brown & Sons; Dominick & Dominick: Drexel & Co.; Equitable Securities Corp.; Hallgarten & Co.; Hayden, Stone & Co.; Hemphill, Noyes & Co.; Hornblower & Weeks; W. E. Hutton & Co.; Ladenburg, Thalmann & Co.; W. C. Langley & Co.; Lee Higginson Corp.; Carl M. Loeb, Rhoades & Co.; F. S. Moseley & Co.; Paine, Webber, Jackson & Curtis; R. W. Pressprich & Co.; Reynolds & Co. Inc.; L. F. Rothschild & Co.; Shields & Co.; Spencer Trask & Co.; G. H. Walker & Co.; Wertheim & Co.

New Farrell Branch

MIAMI, Fla. — Farrell & Co., members of the New York Stock Exchange, have opened a branch office at 8430 Northeast Second Avenue under the maangement of Griffin McCarthy. Mr. McCarthy has recently been conducting his own investment business in Miami.

John C. Legg Branch

TRAPPE, Md. — John C. Legg & Company, members of the New York Stock Exchange, have opened an office here. William J. Longfellow will represent the firm.

Jay W. Kaufmann Admits

Frederic C. Shipman has been admitted to partnership in Jay W. Kaufmann & Co., 111 Broadway, New York City, members of the American Stock Exchange.

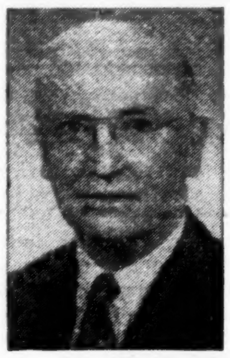
LETTER TO EDITOR:

Dissects Views of Harry Sears On "The Conspiracy Against Gold"

Frederick G. Shull examines point-by-point views expressed in an article by Mr. Sears, President of Calaveras Central Gold Mining Co., Ltd., that appeared in July 7 issue of "Chronicle."

Editor, Commercial and Financial Chronicle:

The 12,000-word address by Mr. Harry Sears, President of Calaveras Central Gold Mining Co., Ltd., delivered at the Western Mining Congress, Denver, and carried in your July 7 issue under the heading "The Conspiracy Against Gold," covers a lot of territory: money; gold; communism; incompetent governmental agencies, and so on. But after reading that article it strikes me that a more appropriate heading would have been: "The Conspiracy Against An Honest American Dollar." Skipping that, for the moment, let's examine, point by point, Mr. Sears' views as to the part gold plays in our financial and economic structure.



Frederick G. Shull

Right at the start he takes issue with those who attribute "value" to gold, and continues: "Gold has not had 'value' in the United States since 1933." That statement is not founded on fact; for there hasn't been a time since the "Gold Reserve Act of 1934" went into effect that gold hasn't carried a "value" of $35 per fine ounce of gold. It isn't Gold that lacks "value"—it is the Dollar, itself; and that can easily be rectified when our government gets around to firmly fixing the "value" of the Dollar at $35 an ounce of gold, and restoring the age-old privilege of redeemability-on-demand—as promised in the Administration's 1952 Platform. On this question of "value," it was the wise Andrew Carnegie who told the Economic Club of New York, in 1908: "There is only one substance in the world which cannot fall in value, because it is in itself the world's standard of value, and that is gold, which the banks of civilized nations have as their reserve."

Mr. Sears attributes the following statement to President Roosevelt, in a radio address on Oct. 22, 1933: "The United States must take firmly into its own hands the control of the gold value of our dollar." That idea, of course, did not originate with Franklin Roosevelt—it had been well understood and practiced by every Presidential Administration from that of George Washington to Herbert Hoover, inclusive—as required by The Constitution. Such legitimate power of government is recognized by Mr. Sears for, later in his article, he says: "Control of United States money was exclusively delegated and entrusted to Congress by the Constitution." That is why the Administration of President Washington set the "value" of the Dollar at 24.75 grains of fine gold. And while that "value" was reduced to 23.22 grains in the 1830's in order to establish the 16 to 1 relationship of gold to silver, it was never again tampered with until 1933, or for practically a century. None can criticize Mr. Roosevelt for attributing to the United States the duty of "controlling the gold value of our dollar"; but he can be severely criticized, along with his New-Deal Congress, for tampering with the gold value of the dollar, which "debauchery" was contrary to every principle of Sound Money.

One wonders what could possibly have promoted Mr. Sears to volunteer the following hypocrisy in his money discourse: "Your safety and security as an American is no greater than it would be if you were a citizen of the Soviet Union. There is a striking similarity between the attitude of our government towards gold and that of the Communist governments towards freedom." Holding such a view, it is to be presumed that Mr. Sears will transfer a portion of his worldly goods to Russia, in order to not have all his eggs in one basket.

Following that tribute to Russia, Mr. Sears says: "The present Administration was elected on pledges that we were to return to sound and honest money." That statement is absolutely correct; but before assuming that Mr. Sears is for "sound and honest money," let's go on with his story.

Mr. Sears quotes views expressed by one "Pelatiah Webster," to whom he attributes an essay "published in Philadelphia in 1780." Whether, or not, "Pelatiah" was related to "Daniel" or "Noah" is not stated; but the Encyclopedia Britannica, for some reason, has overlooked "Pelatiah." The expression "Continental money" appears in Mr. Sears' quotation from that "essay"; but since the American Dollar was not born until 1792, it seems inappropriate to bring "Continental money" into the present discussion, except that it is to be credited with prompting the saying: "Not worth a Continental!"

After dealing somewhat exhaustively with quotations from the "Pelatiah" essay, Mr. Sears quotes from a "Supreme Court decision of 1871," as follows:

"We all know," says Mr. Webster, "that the establishment of a sound and uniform currency was one of the greatest ends contemplated in the adoption of the present Constitution . . . the precious metals alone answer these purposes. They alone, therefore, are money and whatever else is to perform the functions of money must be their representative and capable of being turned into them at will. So long as bank paper retains this quality it is a substitute for money. Divested of this, nothing can give it that character."

At first glance at these "Supreme Court" words mentioning "Mr. Webster," I gained the erroneous impression that "Pelatiah" was still speaking; but on sensing what was being said, it became apparent that the "Court" was quoting views held by the great Daniel Webster as presented in his address, "A Redeemable Paper Currency," in the U. S. Senate on Feb. 22, 1834. For an exact quote of what Mr. Webster said on that occasion please refer to an article, "History of the American Dollar: 1792 to 1955," in the June 30, 1955 issue of the "Commercial and Financial Chronicle," the section headed "Daniel Webster, 1834."

Passing now to the concluding page of Mr. Sears' article, he mentions "fanatics" and "economists who make the subject their meal ticket" (which later excludes me), and continues: "They insist on talking about 'value' when all they are discussing is 'price,' hence they are in a state of perpetual frustration." Could it be possible that certain gold-producers are, perhaps, "in a state of frustration?" To illustrate his point Mr. Sears attributes to "a very highly placed and influential member of our present Administration" the following alleged "recent statement":

"The most important thing about money is stability and we are vigorously opposed to any change in the present gold content of the dollar. The best thing that gold does for us is to serve as a standard of value — a yardstick against which to measure other values. If we start changing the length of the yardstick, it would make no end of trouble."

If that quotation truly depicts the views of "a very highly placed and influential member of our present Administration," I will merely add: Would to God we had more of such "frustrated people" in the present Administration!

FREDERICK G. SHULL

2009 Chapel Street
New Haven 15, Conn.
July 9, 1955.

Sees Organ Industry Establishing Record High Sales in 1955

An electronic organ manufacturer recently declared the organ industry in the United States will rack up a record sales year in 1955.

Speaking before a group of music dealers at the National Association of Music Manufacturers Convention in Chicago, Burton Minshall, President of the Minshall Organ Co., of Brattleboro, Vt., predicted that sales in the organ industry would soar close to the $100,000,000 mark at the retail level.

He declared that the music dealers will have their best Christmas season.

Pointing out that his company has already written half million dollars in orders in four days at the convention, Minshall said that there is no indication of any recession in the music industry.

He said that emphasis in the industry still continues to be centered in the home market. He added that most of the sales written by his company have been on a new, low-cost spinet organ which was introduced for the first time at the show.

He said that there seems to be a strong interest by music dealers who have never handled any organ line to pick up organ franchises.

Minshall predicted that the electronic organ industry will probably put more emphasis behind promotion in the next six months than in any other period in the history of the industry. He said that many manufacturers are planning heavy advertising campaigns in magazines and newspapers. He estimated that well over $6,000,000 will be spent in this direction.

He warned, however, that competition will be keen and it will be the dealer who does the outstanding promotion job on the local level who will finish the year with record sales figures.

He explained that optimism is high among most music dealers and that many expect to increase 1954 sales by at least 30 to 40%.

Hornblower & Weeks Add

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Norman Berg, Charles S. Carlson and William A. Davey have been added to the staff of Hornblower & Weeks, 134 South La Salle Street.

With A. G. Edwards

(Special to THE FINANCIAL CHRONICLE)

QUINCY, Ill.—John P. Hoeffer is now connected with A. G. Edwards & Sons, 336 Maine Street.

Decline in Government Office Tenancy

Saul and Otto Fromkes, Senior Executive Officers of the City Title Insurance Company of New York, estimate a fall of government office tenancy of 16% accounts for the slight decrease in office space demand. Note improvement in store occupancy and say expenses outpace higher office rents.

Although the latest survey by the National Association of Building Owners and Managers showed a slight decrease in gross office building occupancy, close analysis of the survey data showed that office space demand was fundamentally stronger this Spring than it was a year ago, according to Saul & Otto Fromkes, Senior Executive Officers of the City Title Insurance Company, of New York.

Saul Fromkes

Explaining this seeming contradiction, Messrs. Fromkes pointed out that the entire decrease in occupancy was accounted for by contraction in government-rented space-at ultimate savings for taxpayers. Space rented by private-enterprise tenants actually showed increases both in volume and in percentage in the association's May 1 semi-annual survey, compared with occupancy a year earlier, said Messrs. Fromkes.

In the latest survey, owners or managers of 2,519 buildings with rentable office space totaling 230,561,286 square feet reported occupancy of 223,082,153 square feet, or 96.76%. This was not quite as favorable as the 97.12% overall occupancy recorded in the May, 1954, survey, when 2,523 buildings with 230,368,616 square feet of rentable space reported occupancy totaling 223,738,240 square feet.

Government Tenancy Falls 16%

Separate data with the survey, however, showed a 16% drop in the government tenancy in these private buildings, said Messrs. Fromkes. Buildings included in this survey were renting only 7,918,679 square feet to Federal, state and local agencies on May 1 this year, or 1,047,132 square feet less than the 8,965,811 square feet under lease to government tenants in the 1954 survey.

When these government-rented areas are subtracted from total occupancy figures in the association's main survey report, Mr. Saul Fromkes noted, it can be seen that the private-enterprise tenancy in May amounted to 215,163,474 square feet, or an increase over the 214,772,429 square feet of such occupancy year earlier. The private-enterprise occupancy rate was 93.33% this spring, also an increase over 93.23 in May, 1954.

Most of the 1,047,132 square feet reduction in government occupancy represented contraction in Federal rentals, 863,908 square feet. State and local agencies relinquished 183,908 square feet. On May 1 this year the Federal tenancy in the 1,589 buildings with government leases participating in this survey totaled 5,544,951 square, the state and local tenancies 2,373,728 square feet.

The N.A.B.O.M. survey data in the association's current "Skyscraper Management" magazine, said Messrs. Fromkes, lists a 98.11% occupancy rate for New York City last May, when 278 buildings with rentable space totaling 66,077,792 square feet reported occupancy totaling 64,829,939 square feet. A year earlier the New York occupancy rate was 98.24%, based on the occupancy of 63,007,338 square feet in 363 buildings with a total rentable area of 64,135,031 square feet.

Store Occupancy Improves

In line with the upturn in office space rental to private enterprise tenants, said the City Title officers, the association's May survey also showed a marked improvement in store rentals, in office buildings, over May, 1954. A year ago 1,175 buildings reported 97.04% occupancy of their store space, but this year the same number reported 99.39% store occupancy. (No reports were issued on New York store occupancy.) Offsetting increased store occupancy, however, was another recent N.A.B.O.M. report showing that store income obtained by 600 buildings submitting data for the association's latest "Experience Exchange Reports" averaged only $3.55 per square foot in 1954, compared with $3.65 in 1953.

Expenses Outpace Higher Office Rents

Analysis of these "Experience Exchange Reports" covering office space operations, added Messrs. Fromkes, revealed the same picture that developed in many other industries last year—greater sales income, but slightly lower profits.

Average office space rental income rose 11 cents per square foot, from $3.27 in 1953 to $3.38 in 1954, according to this N.A.B.O.M. report, but at the same time operating costs rose 9 cents, from $2.18 to $2.28. Within the latter figures, labor costs rose from 80 to 83 cents per square foot. In the buildings participating in this survey vacancies rose from 1.6% in 1953 to 2.3% in 1954.

On a calculation based on these basic figures, said Messrs. Fromkes, a hypothetical "average" office building owner would have received $330,226 in rents from each 100,000 square feet of rentable office space in 1954, or $8,458 more than the $321,768 he collected in 1953. But after meeting increased operating expenses he would have retained a net of only $103,226 before non-operating expenses and income taxes, or $542 less than he netted at the same point on the same space in 1953. Reduction per square foot: $0.00542.

Brisbane City Council Bonds Sold Privately

The Brisbane City Council announces today (July 28) that it has sold $6,000,000 of 4¼% serial bonds to mature in equal amounts of $400,000 on each July 27 from 1956 to 1970, inclusive, to 12 institutional investors. The financing was arranged through Morgan Stanley & Co. and Smith, Barney & Co.

Proceeds from this issue together with funds from the city's treasury will be used to redeem prior to maturity $3,022,000 of 5% bonds of 1927 due March 1, 1957 on Sept. 1, 1955 and $3,310,000 of 5% bonds of 1928 due Feb. 1, 1958 on Aug. 1, 1955.

Chicago Mutual Inv. Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—John J. Broderick is now with Chicago Mutual Investment Company, 8151 Cottage Grove Avenue.

With Harris, Upham

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Wendel B. Kleehammer is now connected with Harris, Upham & Co., 135 South La Salle Street.

ontinued from first page

Social Secuiity or Socialistic Coercion?

nues to spend billions more than takes in. We are constantly re- inded that, to balance the budg- next year, the Federal Govern- ent must collect more taxes in- ead of less. But, an election year a bad time to advocate tax in- eases. Any orthodox politician ill tell you that a candidate who mpaigns for higher taxes is cked before he starts. Neverthe- ss, the Federal spenders still de- and more money.

What then, is the political al- rnative? The resourceful vote- yers have had an alternative pecially made to order. The al- rnative is the seductive, habit- rming narcotic, popularly nown as Federal Social Security. ere at last is a brand of political ake-oil for which the voters ill gladly pay the most extor- onate tribute and at the same me sing the praises of the brazen litical pitch-men who palm it f on them. Thus have the Fed- al spenders made a great and owing virtue out of their con- nuing itch for more and more your money.

The Socialistic vote - hungry nters have planted the great cial Security deception deep wn in the popular mind. They rtilize it heavily with good ords, pious promises and delib- ate falsehood. It is so deeply oted now that the great major- y of Congressmen are afraid to tack this political marijuana.

To tell the truth about the in- dious narcotic of Federal Social curity in the political atmos- ere of Washington requires the tegrity of a saint and the cour- e of a lion. Fortunately a few our Congressmen possess these cessary qualities. For instance, presentative Noah Mason of Il- nois is aware of the fraudulent il of Federal Social Security d has never hesitated to tell the im truth about it.

"Ponzi-Type Shell Game"

Back in 1950, Congressman ason said this to the House of presentatives: "Our Social Se- rity set-up is an unsound, dis- nest, inequitable system which oposes to tax our children and andchildren to meet the obliga- ons that the present generation pposedly has already paid for. is a dishonest and immoral pro- am that has been sold to the merican people as a plan to ovide security in old age. It is Ponzi-type shell game that is und to collapse when the load comes too heavy to carry."

More timorous and less forth- ght Congressmen have told me at to oppose Social Security is to mmit political suicide. Never- eless, Representative Mason has en elected and reelected to Con- ess for seven straight terms. His nstituents obviously approve of s candor and his courage. Just st week Congressman Mason was e of only three members of the ouse Ways and Means Commit- e who voted against the current tempt to raise your taxes under e deceptive misrepresentation at the new money is going into trust fund for your disability d old age. He was one of the liant 31 who voted against the w Social Security bill on the oor of the House.

This pending legislation pur- orts to liberalize disability and tirement benefits and to extend hat the great Social Security ception calls "coverage" to erybody in the United States cept medical doctors. What the nding legislation really does is put new and higher taxes on all nployees, all employers and all e self-employed people in the untry excepting only the doctors. he doctors have escaped thus far because they are effectively and militantly organized.

These increased taxes are levied for one purpose, namely, to make more and more money available for the Federal spenders to waste for every conceivable purpose here and all over the world. If the real purpose of this legislation had been frankly disclosed to the country for what it is, namely, a measure to increase Federal revenues by increasing Federal taxes on payrolls, then the vote in the House of Representatives would not have been 372 to 31 **for** the resolution, but **403** to nothing **against** it. Thus, as usual, the great deception of Federal Social Security is once more rolling over the credulous American taxpayers powered by rank and calculated false pretenses.

The Supreme Court Ruling

The promoters of the great Social Security deception never advertised it to the people as a slick, easily collectible form of constantly increasing taxation. Nevertheless, when the original Federal Social Security Act was passed upon by the United States Supreme Court in **1937**, it was validated by that Court **merely as an exercise of the Constitutional taxing power of Congress for the benefit of the general fund of the United States Treasury.** In substance, the Supreme Court held that if and when the Government needs money, Congress can tax payments and earnings of employers and employees in the same way that it can tax a bottle of whiskey or a ticket to the ballgame.

Having thus raised the money, the Supreme Court said that Congress could, in its future discretion, spend that money for whatever Congress then judged to be the general welfare of the country. The Court held that Congress has no Constitutional power to earmark or segregate certain kinds of tax proceeds for certain purposes, whether the purposes be farm-price supports, foreign aid or Social Security payments. (U. S. vs. Butler 297 U. S.-1 Stewart Machine Company vs. Davis, 301 U. S. 548 — Helvering vs. Davis, 301 U. S. 619.)

All Federal taxes, income taxes, estate taxes, gasoline taxes and Social Security taxes, go indiscriminately into the same general fund of the Federal Treasury. From that general fund, Congress makes periodic appropriations for all the purposes of the Federal Government, including payments for Social Security benefits.

Congress could continue to collect the so-called Social Security payroll taxes even though Congress discontinued all Social Security benefit payments. Congress could wipe out the Social Security payroll taxes and yet continue to pay all present Social Security benefits out of the general tax receipts of the Federal Treasury.

Any apparent connection between the collection of Social Security payroll taxes and the payment of Social Security benefits is purely coincidental. The Supreme Court has held that Congress is without Constitutional power to establish such a connection. For this reason, the so-called Federal Old Age and Survivors' Insurance Reserve Fund is actually non-existent. The legal illusion of such a fund was conjured up in a political conspiracy to dissolve popular resistance to one of the most cruel and unjust systems of taxation ever imposed upon the American people.

This exposure of the Social Security tax fraud is no argument against government aid to aged, disabled, and retired persons who are in need. It is well within the power of Congress to distribute Federal funds to needy old people or to disabled and retired citizens of the United States. Congress could distribute such funds on a lavish scale for only a small part of the money which Congress now appropriates each year for subsidies to foreign governments all over the world.

As a matter of fact, out of the general funds of the United States, and without any reference to or specific reliance upon Social Security taxes, Congress now appropriates in cash grants to the states, approximately $1 billion a year for thousands of aged and disabled people throughout the country. The inherent evil of the great Social Security deception is not in the payments that Congress makes to Social Security beneficiaries.

The fraud of the great deception is the deliberate and official misrepresentation of Social Security **taxes** as payments of insurance premiums for the right to get back specified benefits at a specified time. There is no such right. The Government is under no contractual obligation to make any return payment at all. From the very beginning the Social Security Tax Act has carried this provision: **"The right to alter, amend, or repeal any provision of this act is hereby reserved to the Congress."**

Pursuant to that reservation, Congress has revamped and changed the taxes, benefits and the coverage of Social Security many times during the past 15 years. When the Act was first passed in 1935, it expressly exempted nine separate classification of people ranging from agricultural labor to the self-employed. One after another, each of these exempted classifications has been forced into the system until under the current pending resolution, only medical doctors are left out.

A 25% Increase

The original tax rate was 1% on the first $3 thousand of earnings. Under the pending resolution, the present tax is raised to 2½%, or 25% above the present level. Since both employer and employee must pay this tax, this means that 5% of every pay check under $4,200 a year will be funneled into the Federal Treasury. The next step will be to increase both the tax and the level of salaries taxed to include the first five thousand and then the first six thousand of annual earnings.

There is no limit to the high range of this money-raising escalator except the complete confiscation of all salaries by the government.

Meanwhile, the popular illusion of a Federal Old Age and Retirement Insurance system enables the Federal spenders to roll up billions of dollars in additional tax revenues through Social Security wage withholding that they never **could collect** if they called these extortionate taxes by their right name. Through 1950 to the beginning of 1955, the Federal Government collected $18.965 billion in Social Security taxes. Throughout the same period, the Government paid out Social Security benefits totalling $11.716 billion.

What happened to the difference, the "profit" so-called, of $7.249 billion? It was spent as fast as it came in for foreign aid, national defense and other current expenses of the Government. What was put aside for the ultimate retirement of those who paid the $18.900 billion in taxes between 1950 and 1955? Merely $7.200 billion worth of Government I.O.U.'s. At the end of last March the much advertised reserve fund contained **$20.490 billion all in Government I.O.U.'s.** This accumulation is not an asset. On the contrary, it costs current taxpayers $500 million annually in maintenance or interest charges. Eventually all these bonds must be paid by **additional taxation.**

Testifying before the Ways and Means Committee of the House of Representatives in 1952, the chief actuary of the Social Security Administration said: "The present trust fund is not quite large enough to pay off the benefits of existing beneficiaries"—those already on the receiving end, in other words. This was before the 1954 "liberalized coverage" was enacted into law. The same witness now believes that it would take $35 billion just to pay the people **now receiving benefits.**

If you are **paying** Social Security taxes **now**, there is thus $15 billion **less than nothing in the fund that you are supposed to be accumulating against your retirement and old age.** Small wonder that the Secretary of the Treasury recently testified that "under the present provisions of collections and disbursement the Old Age Survivor's Insurance System is actuarially unsound." (Congressional Record, July 5, 1955, Page A 4871.) That is the great understatement of the current fiscal year.

Congressman Mason estimates that, 20 years from now, it will require $20 billion per year in taxes to meet the Social Security payments promised in the pending House bill. You can make your own estimate of what percentage of 1975 payrolls will have to be confiscated in order to meet that gigantic annual obligation.

There is one short, sure way to take the sting out of the Social Security System without becoming snarled in the mathematical hypothications of the Socialists who insist that, eventually, it is going to be just wonderful. While we are waiting to see who is right, **why not take the compulsion out of Social Security?** If it is not a tax after all, but simply an insurance system, then **why force people into it?** Why not make it completely **voluntary?**

On the other hand, if the payment of Social Security benefits is a valid obligation of Government, like national defense, then **let it be paid for by ALL taxpayers.** It is a gross and cruel injustice to force those who earn $4,200 a year **or less** to assume the entire burden of a general obligation of government.

Securities Salesman's Corner

By JOHN DUTTON

What Is an Interview?

Some salesmen make calls on prospects that are not going to produce business because they have failed to qualify the prospect before making the call. Other salesmen call on good prospects and never try to close the sale. Whether or not you fail on either or both of these two important procedures will depend upon your own ability to plan a day's work that will take you before qualified prospects, and also when you are in the interview whether or not you can direct your conversation toward the major objective of your visit, obtaining the order. Unless you are there to get an order you haven't had a sales interview—you have just talked.

Asking for the Order

If you will analyze the correct way to handle a sales interview you will go about it in a natural sort of way. Think of what your prospect will accomplish when he makes the investment you are offering. Think in terms of customer benefits. Then find the most important benefit that your prospect can possibly achieve. Let's look at a few types of qualified investors and see where their major interest lies.

Elderly retired individual in moderate income brackets—would he want more income with greater stability? What does he want most? Larger checks on which to live, more peace of mind? If so, offer him this. You can only do it in the conference type interview wherein he does some of the talking too.

Young business executive, wife and two children, income bracket between $15,000 and $25,000. Would he want growth? How about his plans for his children? Possibly he would like to buy stock in some local banks for prestige purposes. Would he be interested in a systematic investment type of fund plan for his children?

Wealthy retired individual. Does he own sufficient tax exempt bonds? If not, would he like more real income? Possibly a discussion of his take home income on some of his taxable investments would show him how he could increase his real income. His interest might lie in other directions. Does he have any large blocks of stock in closely held companies that he might wish to liquidate and thereby place his estate in a more favorable position in the event of his demise? He might even wish to speculate for quick capital gains just for the pleasure of it.

I once had an account who had no real reason for buying speculation common stocks. He didn't need the profits he might make, in fact the tax bracket in which he found himself left him very little of the profit that he made, yet he figured that it was fun and if he had losses THE GOVERNMENT PAID MOST OF THEM BECAUSE OF HIS HIGH TAX PAYMENTS. You never know why people do things until you talk it over with them. Then you may be surprised to find the REAL REASON THEY WILL GIVE YOU THE ORDER.

The Close

The close is the most natural part of a properly conducted sales interview. There is nothing difficult about it. After you have found out what interests your prospect more than anything else and you have shown him how he can obtain it, you must have a meeting of minds. When you do, ask for the order. Unless you do this you will not only be unfair to yourself but also to your prospect. It is a simple matter of understanding what you are doing. If you are offering securities that will fill a vital need in the life of another individual; if you can help them obtain more income, more peace of mind (better security for their savings), more real income after taxes, prestige that will help them in their careers, or just having some fun speculating (for those who can afford it), you are doing something worthwhile in helping that other fellow achieve this.

Unless you can believe that your job is valuable to society; unless you can believe that the work you are doing is beneficial; unless you can approach each prospect that you meet with the confidence of your convictions that you can HELP HIM, then you had better get into this frame of mind, or else find a new business. The difference between success and failure in sales work is sometimes based primarily on this one important factor—if you go out and talk to QUALIFIED PROSPECTS about QUALIFIED BENEFITS THAT WILL ACCRUE TO THEM WHEN THEY GIVE YOU THE ORDER AND NOT UNTIL THEY DO THIS WILL THEY RECEIVE THOSE BENEFITS, I am sure that you will make many friends and obtain substantial clients that will stick with you over the years.

Mutual Funds

By ROBERT R. RICH

WELLINGTON FUND in the first half of 1955 set new records in gross sales, total resources and number of shareholders, A. J. Wilkins, Vice-President of the fund, announced.

Gross sales of this 26-year-old mutual fund for the six months ended June 30, 1955, were $32,-542,000.

At June 30, 1955, Wellington Fund had record total net assets of $459,688,000, equal to $26.78 a share on the 17,164,632 shares then outstanding. This compared with total net assets of $335,151,000, equal to $22.15 a share on the 15,-129,128 shares outstanding on June 30 last year.

Mr. Wilkins attributed the banner half-year results to record sales, substantial appreciation in the value of Wellington Fund portfolio securities and to the addition of 11,000 new shareholders in the past six months, bringing the number of shareholders at June 30, last, to a new high of 140,000.

NET ASSETS of National Investors Corporation increased to a record high of $19.20 per share on June 30, 1955.

This was a gain of 16% from $16.53 per share reported at the start of the year and was about 39% greater than on the same date in 1954.

Net assets increased to $55,112,-000 from $47,218,000 at the beginning of 1955 and $38,824,000 12 months earlier.

National Investors made no significant change in its over-all investment position during the past three months. For all practical purposes the fund continued to be fully invested in common stocks.

AS OF June 30, 1955, the 101st Quarterly Report of Fidelity Fund showed that the net asset value reached a new high of $197,153,-711, representing an increase of 65.6% over the net asset value of $119,070,391 on June 30, 1954.

The number of shares outstanding and number of shareholders also attained new highs as of the same date. Approximately 43% of the shares are held by women, 24% by men, and 20% in joint ownership. The remaining 13% is held by fiduciary and institutional holders.

Net asset value per share as of June 30, 1955, was $14.32, a new high for a reporting date, and compared with $13.15 on March 31, 1955, and $10.24 a year ago. These per share values are after a capital gain distribution of $0.31¼ cents per share on Feb. 1, 1955. They are also adjusted to reflect a 2-for-1 split which became effective April 13, 1955.

GROUP SECURITIES, Inc., leading mutual fund, reports sales for the six-month period ended June 30 at $12,739,872 against $7,013,-397 for the same period last year, representing an 82.7% increase for the year to date, according to Herbert R. Anderson, President. Net assets at June 30, 1955, reached $94,219,606, a 52.2% increase over the $61,905,664 figures on June 30, 1954.

Peace a Factor

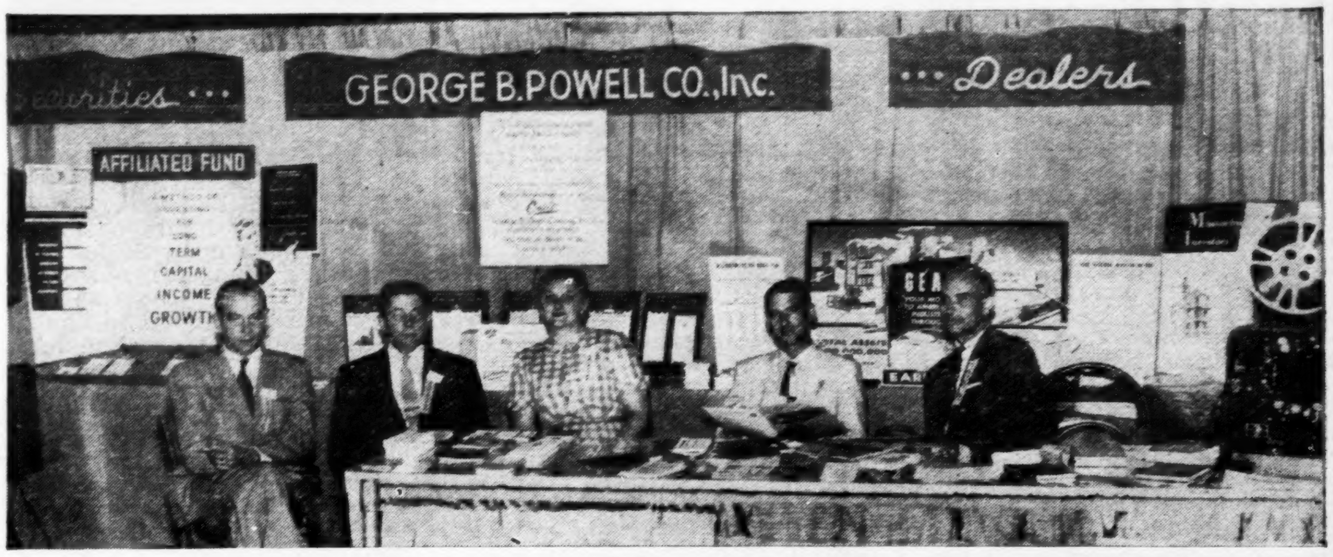
In the report to the shareholders of Axe-Houghton Stock Fund, Inc. Emerson W. Axe, President, pointed out that "continued improvement in business conditions abroad and the belief that international tension is lessening contribute to general optimism. If the international improvement is real it is a long range factor of great importance."

Bond Fund Changes

Manhattan Bond Fund announced the addition to its investment holdings since April 30 of three issues not previously owned by the Fund. These were Chicago, Rock Island and Pacific RR. Company income debenture 4½s of 1995, Sheraton Corporation of America convertible debenture 4¾s of 1967, and New York Central RR. Company collateral trust 6s of 1980.

SCIENCE AND NUCLEAR Fund reported today that its holdings in Algom Uranium, Gunnar Mines, Chas. Pfizer, G. D. Searle and Union Carbide have been increased. With the additions, approximately 60% of assets are invested in companies engaged in nuclear science — 15% in companies deriving principal revenue from nuclear science and 45% in companies with significant management effort or research in this field. In the overall position of the fund, 83% of its assets are invested in well-established companies.

Powell Company Fund Exhibit Highly Effective



Seated left to right are: Donald Brayshaw, representative of Lord, Abbett & Co.; George B. Powell, President; Mrs. Ellen C. Miller, Secretary; Ellis A. Kerr, Representative, all of George B. Powell Co., Inc., and Ernest Williams, representative of Hugh W. Long & Co., Inc.

The George B. Powell Company, Inc., of Norfolk, Va., exhibited Mutual Funds at the Delmarva Chicken Festival held June 13, 14 and 15 at Onancock, located on Eastern Shore, Virginia.

Over 20,000 people attended the Festival, which was sponsored by the Poultry Industry of the three States — Delaware, Maryland and Virginia. Some of the activities were a Beauty Contest, which is the third largest held in this country; a National Senior and Junior cooking contest with entrants from all over the 48 States, and with Food Editors from all of the top-ranking publications acting as judges; a two-hour parade comprised of military, floats from the three States, civic organizations and private industries; 50 exhibitors representing different phases of industry, and climaxed by the Grand Ball with Blue Barron's orchestra furnishing the music. The Governors of the three States, as well as other dignitaries, presided at the opening ceremony.

The exhibit of George B. Powell Co., Inc., was an advertising and promotional project. Four prizes were offered (5 shares Fundamental Investors, 10 shares Affiliated Fund, 5 shares Television-Electronics Fund and 2 shares Broad Street Investing) for which visitors to their booth were invited to register. On each registration slip were questions regarding type of investment desired and investment objective with space provided for name, address and phone number. Through this medium the company obtained an excellent prospect list from which a tremendous amount of business has resulted.

This company has a long-established clientele on Eastern Shore. Ellis A. Kerr, a retired officer of the Naval Air Force and living in Hallwood, Virginia, is now their representative in that location.

Representatives of several of the Funds attended and assisted the Powell Company staff in answering questions as well as having the opportunity of meeting many of the shareholders of their respective Funds. They were Donald Brayshaw, Lord, Abbett and Company; Ernest Williams, Hugh W. Long & Co., Inc.; Paul A. Just and William C. King of Television Shares Management Corporation (the latter two were not present at the time the picture was taken).

This was the first experience this firm had in an exhibit of this type and it was very pleased with the results.

Fund's Highest:

M. I. T. Assets Near Billion

Massachusetts Investors Trust, first, oldest and largest mutual investment company, reports for the three months ended June 30, 1955, total net assets of $904,905,-194 with 28,712,743 shares outstanding and 126,901 shareholders. These are the highest figures for the end of any quarterly period in the trust's 31-year history and compared with $639,851,355 in total assets, 27,742,563 shares outstanding and 117,428 shareholders on June 30 last year.

The net asset value per share at the quarter's end was $31.51. This amount together with a capital gain payment of 29 cents in February is equivalent to $31.80 per share. It compares with the net asset value of $23.06 per share a year ago.

Major changes in the trust's portfolio during the second quarter of 1955 included:

PURCHASES

Company—	Shares
A. C. F. Industries	30,000
Burroughs Corp.	23,000
Chrysler Corp.	70,000
C. I. T. Financial Corp.	19,400
Consolidated Natural Gas Co.	20,000
General Motors Corp.	15,000
General Public Utilities	21,000
Gillette Co.	10,000
Kansas City Power & Light	17,500
Ohio Edison Company	11,000
Pullman Incorporated	7,100
Sinclair Oil Corp.	34,000
Singer Manufacturing Company	30,000
Southern Railway Co.	16,300
Standard Oil Co. (Ind.)	10,000
United States Steel Corp.	15,000

SALES

Company—	Shares
American Tobacco Co.	10,000
American Viscose Corp.	15,000
Bethlehem Steel Corp. Rights	160,000
Firestone Tire & Rubber	13,200
Goodrich (B. F.) Co.	17,000
Goodyear Tire & Rubber	10,500
International Harvester	11,100
Iowa Power & Light Co.	38,000
Louisville & Nashville RR.	60,000
Reynolds Tobacco "B"	25,000
Southern Calif. Edison Co. Rights	80,000
Standard Oil Co. (Ohio)	10,000
Sunray Mid-Continent Oil 4½% preferred "A"	76,000
Sunray Mid-Continent Oil 2nd Pfd.	38,000

INVESTMENT COMPANY STATISTICS—JUNE 30, 1955

146 member companies: 117 open-end companies and 29 closed-end companies

(000's of dollars)

I. TOTAL NET ASSETS (incl. funded debt and bank loans)	June 30, 1955	Mar. 31, 1955	Dec. 31, 1954
29 closed-end companies	$1,298,976	$1,219,788	$1,188,204
117 open-end companies	7,185,699	6,524,486	6,109,390
	$8,484,675	$7,744,274	$7,297,594

II. CAPITAL CHANGES	2nd Quarter 1955	6 Months 1955
29 closed-end companies (including bank loans)		
New capital	$5,617	$29,136
Repurchases (incl. partial liquidations)	391	25,704
117 Open-End Companies		
Sales of shares (net proceeds to fund)	271,976	602,075
Redemptions	109,932	249,971

III. DISTRIBUTIONS	2nd Quarter 1955	6 Months 1955
29 Closed-End Companies		
Interest	$194	$360
Preferred dividends	1,694	3,166
Common dividends	19,880	27,862
Total payments	$21,768	$31,388

NOTE—Common stock dividends consisted of $10,399,000 from investment income and $9,487,000 from realized capital gains in the 2nd Quarter, with $17,752,000 and $10,110,000 from respective sources for the first 6 months of 1955.

117 Open-End Companies:	2nd Quarter 1955	6 Months 1955
Dividends from:		
Net investment income	$54,460	$108,042
Realized capital gains	10,723	40,700
Other sources	31	129
	$65,214	$148,871

IV. SHAREHOLDER ACCOUNTS—June 30, 1955:	
Closed-end companies	203,977
Open-end companies	1,901,089
Total	2,105,066

Delaware Fund Reports Gain in Net Assets of 56%

Delaware Fund reported July 26 a record increase of $11,093,215, or 56%, in net assets during the 12 months ended June 30, last.

The increase, according to the mutual investment company's semi-annual report, boosted the fund's total resources to an all-time high of $30,792,286 at the close of the first half-year. This compares with net assets totaling $19,699,071 on June 30, a year ago, and with $25,126,161 on Dec. 31, last.

Net asset value per share in the six months period, which W. Linton Nelson, President, described as the greatest in the fund's 17-year history, rose to $22.42 on the 1,373,337 shares outstanding June 30, last, from $20.93 at the start of the year when 1,200,667 shares were outstanding. Net asset value on June 30, 1954, amounted to $18.04 a share on the 1,091,791 shares outstanding on that date.

The report showed Delaware's assets diversified among 96 securities representing 25 industries with 88.80% invested in common stocks; 3.52% in preferreds; and the remainder in cash and receivables.

Oil stocks constituted the fund's largest single equity holding by industry and accounted for 11.52% of total resources. Other large common stock holdings included: electric utility, 9.69%; building, 7.19%; food, 6.52%; steel, 6.07%; railroad, 5.33%; automotive, 5.22%; airline, 4.50%; chemical, 3.53%; and electrical equipment and electronics 3.31%.

The report called shareholders' attention to the recent declaration of a special 100% stock dividend payable Aug. 8, 1955. On that date, shareholders will be issued a Delaware Fund stock certificate for shares equal to the number owned on July 21, 1955. "When your fund commenced operations in 1938," the report pointed out, "the price per share was $15.00 compared with a price of nearly $25.00 today. The change in value, as a result of this dividend," the report went on to explain, "will bring the offering price per share nearer to the fund's original price which, it is believed, will be more acceptable to shareholders and investors."

JOHNSTON MUTUAL Fund Inc. reports net assets on June 30, 1955, of $4,194,496.05 compared with $2,861,507.30 a year ago, an increase of 46.6%. This is equivalent to $20.92 per share on 200,482.805 shares outstanding. On June 30, 1954, net asset value per share, adjusted for the 2-for-1 stock split on April 11, 1955, was $16.80 on 170,266 shares.

Net sales for the first six months of 1955 were 139% greater than those for the comparable 1954 period and equalled 99.3% of the net sales for the entire year 1954.

PERSONAL PROGRESS

JOHN L. THOMAS, President of First Investors Corporation, announces the opening of The Lexington Branch, at 415 Lexington Avenue, New York, under the direction of Mr. Sam Agust. Mr. Agust came up from the ranks through the company's Times Square office, where he started as a Salesman. In 1954 he was promoted to Group Manager.

Hugh W. Long & Co. To Build New Headquarters

William Gage Brady, Jr., Chairman of the Board of four large mutual funds, Fundamental Investors, Diversified Investment Fund, Manhattan Bond Fund, and Diversified Growth Stock Fund (today, July 28), announced details of a new home office building being constructed in Elizabeth, N. J.

The new building will also be the headquarters of Hugh W. Long and Company, Inc., and of Investors Management Company, Inc., national underwriter and investment advisory organization, respectively, for the four funds.

Hugh W. Long, President of Hugh W. Long & Co., said, **"When we came to Elizabeth in 1952, our assets totaled $235,000,000. Operation in this New Jersey community is conducive to the progress of mutual funds such as those we administer. In this setting we have seen our assets grow to their present level of approximately $400,000,000."**

The offices of all firms in the group were transferred to Elizabeth from Wall Street three years ago. The move was made to escape a tax hardship upon the Fund's shareholders which would have resulted from New York City's doubling its rate of assessment on the gross receipts of financial businesses.

The new building is being constructed on a large tree-lined plot at the southwest corner of Westminster Avenue and Parker Road. The red brick structure, of Georgian Colonial design, is similar in exterior appearance to the Wren Building on the campus of William and Mary College, Williamsburg, Va. Construction is to be completed in early 1956.

Commenting on the decision to make Elizabeth the permanent headquarters of an extensive investment operation, Mr. Long declared, **"Elizabeth is well within what I call the 'management circle,' some 25 miles or so in radius, containing within it the general administrative offices of a great many of the leading corporations and financial institutions of America." An artist's drawing of the new building is shown above.**

Geo. Putnam Fund Assets Now Over $100 Million

The George Putnam Fund of Boston reports total net assets on June 30, 1955, of $116,517,800, compared with $83,301,500 at the same time a year ago.

Net asset value per share was $12.95, compared with $10.375 a year ago, adjusted to reflect the 100% stock distribution paid May 20.

Shares outstanding totalled $9,000,440, compared with $8,031,430 a year ago on the adjusted basis, while the number of shareholders rose to 31,180 from 27,200 a year ago.

George Putnam, Chairman of the Trustees, said in his letter to shareholders, "We feel that the times call for increased caution and continued care in the selection of individual investments."

As of June 30, the fund had investments in 63 bonds, 24 preferred stocks and 85 common stocks and Mr. Putnam noted that this broad diversification "is a source of great strength."

The five largest common stock investments on June 30 were in du Pont, $2,297,500; General Motors, $2,182,500; Aetna Life Insurance Co., $2,062,500; Continental Casualty Co., $1,995,000, and Standard Oil (N. J.), $1,927,500.

National Cites Atom Benefits

Nearly 80% of American industry can be expected to "benefit in some way from atomic technology," according to an "Atomic Activities" letter published by Nat'l Securities & Research Corp.

Robert Colton, manager of the research firm's Atomic & Electronics Division, says in the letter that "the extent to which nuclear science permeates America's industrial structure is a good way to measure the magnitude of atomic technology."

Conventional activities of industry and commerce, the letter points out, comprise 46 basic categories — a generally accepted breakdown. "From National Securities & Research Corporation studies," Mr. Colton says, "it is found that nearly 80%, or 36 categories, to be exact, may benefit" from atomic technology.

The corporation, which manages and sponsors the National Securities Series of mutual investment funds with combined assets of more than $245,000,000, reports that a majority of the companies whose securities are retained in its Growth Stock Series are doing work which involves nuclear technology in some manner.

"Many organizations," the letter states, "are directly engaged in atomic work like reactor engineering, radiation instrument development, atomic metals production, etc. Others, even more extensively engaged in atomic work, are classified under 'Diversified Atomic Activity'."

Boom Spreads, Selected Shares Report Notes

Edward P. Rubin, President of Selected American Shares, in a report to shareholders, says,

"The present upward surge of American industry, which began with renewed activity in residential building and automobiles, seems now to have broadened out to include the major portion of the economy. The need for roads, schools, water and sewage systems, as well as the many entirely new industries now growing vigorously, afford a prospect for improving business for some distance ahead.

"The management of Selected American Shares continues to believe common stocks are attractively priced in relation to underlying values in the form of property, earnings and dividends — both current and prospective."

Total net assets of Selected American Shares at June 30, 1955, rose to $46,128,881, equal to $9.39 a share, compared with $32,109,526, equal to $7.55 a share on June 30, 1954.

Continued from page 4

The State of Trade and Industry

with hot weather and vacations slowing activity through July and August, but this is not so this summer, it notes. Mill backlogs are not shrinking appreciably. Overflow second quarter tonnage is heavier than had been indicated. Cutbacks from automotive and related lines haven't materialized in noticeable volume. New inquiry is strong, swelled substantially by the resurgence of demand from the railroads and shipbuilders, both only moderate tonnage outlets until lately. Automotive, building construction and general fabrication, too, continue at a strong pace, it states.

Policies on forward bookings vary. Some makers have opened books officially for tonnage beyond September on all products and on a quarterly basis. Others are booking only some items, proceeding largely on a monthly basis. Still others, those specializing in one major product, such as plates or bars, haven't opened books officially for business beyond September. In practically all cases the lag in scheduling is due to an over-sold condition. One reason for this has been failure of expected cutbacks to materialize, "Steel" declares.

The situation in flat-rolled steel eloquently testifies to the strong market prevailing generally. Sheetmakers expected mill schdules to be in shape by now to permit firm fourth quarter commitments. But it hasn't worked out that way. Heavy arrearages and only minor cancellations fouled up plans to such an extent that some mills are forced to turn away fourth quarter requests. Up to six weeks of production may be blanked out in the next quarter to care for the anticipated overflow, continues this trade journal.

Platemakers are wrestling with a knotty scheduling problem, "Steel" points out. They hold more business than they can readily accommodate. Deliveries are running behind schedule. Still, the producers say there is no serious shortage. The plate squeeze is intensified by surging railroad demand. Structurals are similarly affected.

The anticipated sharp slump in third quarter activity hasn't materialized. As things stand, it looks like volume may zoom to a peak for the year in the fourth quarter. Most observers are certain it will unless inventory accumulations at consumers' plants put a damper on buying enthusiasm, it states.

Prices in all segments of the steel market are on a higher level. Practically all producers have announced new schedules with most recent advances of 6 cents a pound on high speed steels and 5.8% on tool steels. "Steel's composite on finished steel stands at $126.64, against $118.45 prior to the general price action.

The American Iron and Steel Institute announced that the operating rate of steel companies having 96.1% of the steelmaking capacity of the entire industry will be at an average of 94.6% of capacity for the week beginning July 25, 1955, equivalent to 2,284,000 tons of ingots and steel for castings as compared with 91.0% (revised) and 2,195,000 tons a week ago.

The industry's ingot production rate for the weeks in 1955 is based on an annual capacity of 125,828,310 tons as of Jan. 1, 1955.

For the like week a month ago the rate was 71.0% and production 1,716,000 tons. A year ago the actual weekly production was placed at 1,532,000 tons, or 64.2%. The operating rate is not comparable because capacity was lower than capacity in 1955. The percentage figures for 1954 are based on annual capacity of 124,330,410 tons as of Jan. 1, 1954.

Electric Output Breaks Through to a New All-Time High Record in the Period Ended July 23

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, July 23, 1955, was estimated at 10,620,000,000 kwh., a new all-time high record. The previous high level at 10,440,000,000 kwh. was attained in the preceding week, according to the Edison Electric Institute.

This week's output advanced 180,000,000 kwh. above that of the previous week, when the actual output stood at 10,440,000,000 kwh. It increased 1,517,000,000 kwh., or 16.7% above the comparable 1954 week and 2,160,000,000 kwh. over the like week in 1953.

Car Loadings Rise 22.4% in Week Ended July 16

Loadings of revenue freight for the week ended July 16, 1955, increased 146,360 cars or 22.4% above the preceding holiday week, according to the Association of American Railroads.

Loadings for the week ended July 16, 1955, totaled 799,040 cars, an increase of 104,495 cars, or 15% above the corresponding 1954 week, and an increase of 7,626 cars, or 1% above the corresponding week in 1953.

U. S. Automotive Output Climbs 3.6% Above Previous Week's Rate and a Trifle Less Than 7% Under All-Time Weekly Peak

The automotive industry for the latest week, ended July 22, 1955, according to "Ward's Automotive Reports," assembled an estimated 174,944 cars, compared with 167,473 (revised) in the previous week. The past week's production total of cars and trucks amounted to 202,230 units, or an increase of 3.6% above the preceding week's output of 195,141 units. It was less than 7% under the all-time high posted at the end of April. A total of 122,789 units was reported for the same week a year ago, states "Ward's."

Last week's car output rose above that of the previous week by 7,471 cars, while truck output declined by 382 vehicles during the week. In the corresponding week last year 105,402 cars and 17,387 trucks were assembled.

Last week the agency reported there were 27,286 trucks made in the United States. This compared with 27,668 in the previous week and 17,387 a year ago.

Canadian output last week was placed at 9,705 cars and 2,205 trucks. In the previous week Dominion plants built 9,787 cars and 2,417 trucks, and for the comparable 1954 week 6,228 cars and 1,727 trucks.

Business Failures Dip Sharply in Latest Week

Commercial and industrial failures declined to 172, the lowest level so far this year, in the week ended July 21, Dun & Bradstreet, Inc., reports. This compares with 224 in the preceding week. Casualties were down moderately from the 188 and 184 which occurred in the comparable weeks of 1954 and 1953 and they fell 31% below the prewar level of 251 in 1939.

Failures involving liabilities of $5,000 or more fell to 140 from 192 in the previous week and were less numerous than a year ago when 163 of this size were recorded. Small casualties, those with liabilities under $5,000 were as numerous as in the previous week when 32 occurred. They rose slightly above the year-ago level of 25. Sixteen of the failing concerns had liabilities of $100,000 or more, compared with 12 last week.

Retail trade accounted for the week's decline. Failures among retailers fell to 84 from 166. Mild dips reduced failures among manufacturers to 29, while wholesaling and construction dropped to 26 and 18. Commercial service casualties remained the same at 15. Failures in all lines dipped below the 1954 level except in wholesaling where they rose to 26 from 22.

The Middle Atlantic States reported a marked drop in casualties to 57 from 90, and Pacific States were down to 47 from 61. Contrasting with these declines, three regions had more failures than in the previous week, including the Mountain States where casualties climbed to 7 from 1. Fewer businesses succumbed than a year ago in five regions. The sharpest decline from 1954 took place in the West South Central and Pacific States. Four regions had more casualties than a year ago.

Wholesale Food Price Index Continues Downtrend To a 2½ Year Low Point

The general downtrend in foodstuffs continued for the fifth successive week, bringing the Dun & Bradstreet wholesale food price index for July 19 to $6.17, a new low since Feb. 3, 1953 when it stood at $6.13. Down 1.4% from $6.26 a week earlier, the current number marks a drop of 14.7% from $7.23 a year ago. It is now only 3.5% above the pre-Korea level of $5.96.

Higher in wholesale cost last week were barley, hams, coffee and peanuts. Lower prices were listed for flour, wheat, corn, oats, beef, bellies, lard, cottonseed oil, cocoa, beans, peas, eggs, steers, hogs and lambs.

The index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Reflected a Mixed Trend in Latest Week

Commodity price movements were mixed last week with mark-ups in steel scrap and pig iron outweighing declines in grains and cotton. The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., closed at 273.04 on July 19, as compared with 272.55 a week previous and 272.93 a year ago.

Grain markets were nervous with prices trending lower in the latter part of the week.

Cash wheat prices worked irregularly downward with much selling based on the improved crop outlook.

Harvesting of Winter wheat in the Southwest was reported nearing completion, while the progress of the Spring wheat crop was said to be excellent and the crop is now regarded as further along than usual. Excellent growing conditions were also reported in western Canada. Oats were under considerable hedging pressure and prices fell rather sharply due to liberal new crop marketings. Corn prices barely held their own under the prospect of the second largest crop on record. Activity in grain and soybean futures increased sharply on the Chicago Board of Trade the past week. Daily average sales totaled 58,900,000 bushels, against 41,500,000 the previous week and 56,500,000 bushels a year ago.

Business in hard Winter wheat bakery flours quieted down following the heavy buying which took place early last week. Some mills were offering new crop Spring wheat flour for shipment starting Sept. 15 at fair discounts under old crop but buyers were hesitant and very little business resulted.

Domestic raw sugar was firm at the higher level established early last week as the result of heavy replacement buying by refiners who had allowed their stocks to run down.

Cocoa trended lower in narrow price swings reflecting a somewhat easier position abroad and a lack of manufacturer demand. Warehouse stocks of cocoa were higher at 247,055 bags, as compared with 241,647 a week earlier and 121,085 bags at this time a year ago. Lard prices went slightly lower, reflecting continued heavy production and slow export and domestic demand. Hog values declined about 75 cents per hundred-weight for the week. Swine receipts were the smallest for some time, but shipments were also down, being the smallest in three months.

Spot cotton prices finished sharply lower after fluctuating nervously during the week.

The decline reflected liquidation and selling induced by talk of drastic changes in the government support and surplus disposal plans for the staple.

Mill buying against textile sales and reports of improved business in the goods market helped to sustain values at times. Reported sales in the 14 markets increased to 38,000 bales, from 35,000 a week earlier. Sales for export continued light in volume, but inquiries were more numerous in some areas. Total exports for the season to date were down slightly from a year ago. Weather conditions were favorable in most parts of the belt and the crop continued to make good progress.

Trade Volume Holds at New Record Level For This Season of the Year

There was little variation in total retail trade in the period ended on Wednesday of last week. It continued to be at a new record level for this time of the year.

Shoppers' interest in clearance sales of Summer merchandise was not as high as in recent weeks.

Shortages of Summer apparel developed in New England. Some retail stores in Washington laid off employees as the strike of bus and trolley workers continued.

The total dollar volume of retail trade in the week was estimated by Dun & Bradstreet, Inc., to be from 3% to 7% higher than the level of a year earlier. Regional estimates varied from the corresponding 1954 levels by the following percentages: East and South +1 to +5; New England and Midwest +3 to +7; Northwest +2 to +6; Southwest and Pacific Coast +4 to +8.

While the demand for apparel slipped seasonally, it continued to be moderately highe than that of a year ago.

Large city department store chalked up less favorable sale figures than did specialty store in suburban areas.

Beachwear and sportswear wer among the most popular item: but stocks were depleted by th recent surge of shopping whic many stores had not fully antici pated.

The buying of housewares wa at the year's lowest point as sea sonal slackness spread. Howeve the total amount spent for house hold goods remained well abov the year-ago level. Sharp reduc tions in the prices of air condi tioners were common in most sec tions. Continuing in high seaso popularity were luggage, sportin goods, automobile parts and hard ware.

The buying of food was at th highest level so far this year an continued to surpass that of a yea ago. In high demand were frank furters, poultry, dairy food: canned meats and beverages.

Car dealers noted a slight let down in demand the past wee but continued to sell more than year ago. The gasoline price wa in Connecticut came to an abrup halt.

There was a moderate expan sion in the total dollar volume wholesale trade last week as re tailers prepared for the Fall sel ing season.

Orders were noticeably abov the year-ago level. Buyer attend ance at the major wholesa centers was high, apparently ur deterred by the very hot weath in some areas. Wholesale inver tories of seasonal goods were u ually at a minimum.

Department store sales on country-wide basis as taken fro the Federal Reserve Board's in dex for the week ended July 1 1955, advanced 10% from the lik period of last year. In the pr ceding week, July 9, 1955, a ri of 13% was registered from th of the similar period of 1954, whi for the four weeks ended July 1 1955, an increase of 8% was r corded. For the period Jan. 1955 to July 16, 1955, a gain of 6 was registered above that of 195

Retail trade volume in Ne York City last week continued reflect good business with tra observers estimating the gain from 4% to 5% above the level the corresponding period a ye ago.

According to the Federal R serve Board's index, departme store sales in New York City f the weekly period ended July 1955, advanced 7% above that the like period of last year. the preceding week, July 9, 195 a rise of 5% (revised) was not from that of the previous wee For the four weeks ended Ju 16, 1955, an increase of 4% o curred. For the period Jan. 1955, to July 16, 1955, the ind recorded a rise of 1% from th of the corresponding period 1954.

Rex Merrick Adds

(Special to THE FINANCIAL CHRONICLE)

SAN MATEO, Calif. — Edwa R. Pasquale is now with R Merrick & Co., 22 Second Ave.

With King Merritt

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Gle I. Dillon is with King Merritt Co., Inc., 1151 South Broadway.

With Investors Planning

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Frank G. Bo and Edward G. Bradbury are w Investors Planning Corporation New England, Inc., 68 Devonsh Street.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (percent of capacity)	July 31	§94.6	*91.0	71.0	64.2
Equivalent to—					
Steel ingots and castings (net tons)	July 31	§2,284,000	*2,195,000	1,716,000	1,532,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of	July 15	6,626,400	6,596,900	6,625,600	6,297,500
42 gallons each)	July 15	¶7,582,000	7,646,000	7,520,000	6,969,000
Crude runs to stills—daily average (bbls.)	July 15	25,726,000	26,478,000	25,535,000	23,837,000
Gasoline output (bbls.)	July 15	1,955,000	1,887,000	2,197,000	2,122,000
Kerosene output (bbls.)					
Distillate fuel oil output (bbls.)	July 15	11,167,000	11,474,000	11,205,000	10,086,000
Residual fuel oil output (bbls.)	July 15	8,156,000	7,583,000	8,109,000	7,895,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	July 15	158,822,000	159,307,000	165,285,000	161,786,000
Kerosene (bbls.) at	July 15	31,381,000	30,456,000	28,435,000	30,318,000
Distillate fuel oil (bbls.) at	July 15	108,932,000	105,167,000	91,269,000	94,794,000
Residual fuel oil (bbls.) at	July 15	45,482,000	45,304,000	45,684,000	53,355,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	July 16	799,040	652,680	785,425	694,545
Revenue freight received from connections (no. of cars)	July 16	621,304	551,608	652,505	53[illegible],932
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	July 21	$360,708,000	$578,407,000	$412,067,000	$259,290,000
Private construction	July 21	228,094,000	371,880,000	225,458,000	136,166,000
Public construction	July 21	132,614,000	206,527,000	186,609,000	123,124,000
State and municipal	July 21	89,8[illegible]9,000	132,778,000	147,855,000	110,279,000
Federal	July 21	42,715,000	73,749,000	38,754,000	12,845,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	July 16	9,730,000	*7,390,000	9,640,000	7,206,000
Pennsylvania anthracite (tons)	July 16	463,000	345,000	538,000	539,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	July 16	97	87	117	88
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	July 23	10,620,000	10,440,000	10,226,000	9,103,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	July 21	172	224	205	188
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	July 19	5.176c	5.178c	4.797c	4.801c
Pig iron (per gross ton)	July 19	$59.09	$59.09	$56.59	$56.59
Scrap steel (per gross ton)	July 19	$40.33	$38.50	$35.33	$26.83
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	July 20	35.700c	35.700c	35.700c	29.700c
Export refinery at	July 20	37.225c	35.600c	38,275c	29.550c
Straits tin (New York) at	July 20	98.000c	96.375c	94.375c	96.625c
Lead (New York) at	July 20	15.000c	15.000c	15.000c	14.000c
Lead (St. Louis) at	July 20	14.800c	14.800c	14.800c	13.800c
Zinc (East St. Louis) at	July 20	12.500c	12.500c	12.500c	11.000c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	July 26	94.15	95.04	96.11	100.56
Average corporate	July 26	108.52	108.70	108.70	110.34
Aaa	July 26	111.81	112.19	112.19	115.24
Aa	July 26	110.34	110.52	110.52	112.37
A	July 26	108.52	108.88	108.70	109.97
Baa	July 26	103.64	103.80	103.97	104.14
Railroad Group	July 26	117.03	107.27	107.44	108.88
Public Utilities Group	July 26	109.06	109.24	109.24	110.70
Industrials Group	July 26	109.42	109.79	109.79	111.25
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	July 26	2.94	2.87	2.79	2.44
Average corporate	July 26	3.25	3.24	3.24	3.15
Aaa	July 26	3.07	3.05	3.05	2.8
Aa	July 26	3.15	3.14	3.14	3.04
A	July 26	3.25	3.23	3.24	3.17
Baa	July 26	3.53	3.52	3.51	3.50
Railroad Group	July 26	3.33	3.32	3.31	3.23
Public Utilities Group	July 26	3.22	3.21	3.21	3.13
Industrials Group	July 26	3.20	3.18	3.18	3.10
MOODY'S COMMODITY INDEX	July 26	404.4	402.0	406.6	427.7
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	July 16	228.679	225,732	239,200	192,054
Production (tons)	July 16	225,674	155,704	285,547	199,338
Percentage of activity	July 16	77	55	99	71
Unfilled orders (tons) at end of period	July 16	642,619	642,257	548,315	411,856
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	July 22	106.91	106.88	106.73	107.04
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION:					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	July 2	1,113,252	1,245,014	834,871	1,038,593
Dollar value	July 2	$59,401,320	$65,549,131	$44,941,752	$51,125,583
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	July 2	1,205,329	1,175,826	829,583	1,014,84[illegible]
Customers' short sales	July 2	5,503	5,4[illegible]8	4,268	9,040
Customers' other sales	July 2	1,199,826	1,170,328	825,320	1,005,80[illegible]
Dollar value	July 2	$59,380,239	$58,842,561	$40,934,503	$45,735,376
Round-lot sales by dealers—					
Number of shares—Total sales	July 2	261,690	331,530	227,350	314,280
Short sales	July 2	------	------	------	------
Other sales	July 2	261,690	331,530	227,350	314,280
Round-lot purchases by dealers—					
Number of shares	July 2	402,490	396,010	294,000	329,250
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	July 2	470,800	471,180	333,960	407,260
Other sales	July 2	11,849,630	13,572,610	9,794,750	10,368,110
Total sales	July 2	12,320,430	14,043,790	10,128,710	10,775,370
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	July 2	1,487,630	1,716,720	1,153,030	1,242,220
Short sales	July 2	248,100	277,400	183,780	228,210
Other sales	July 2	1,276,710	1,436,760	970,280	970,470
Total sales	July 2	1,524,810	1,714,160	1,154,060	1,198,680
Other transactions initiated on the floor—					
Total purchases	July 2	272,780	368,920	298,100	373,440
Short sales	July 2	25,100	18,100	17,700	24,800
Other sales	July 2	254,610	371,330	277,150	305,810
Total sales	July 2	279,710	389,430	294,850	330,610
Other transactions initiated off the floor—					
Total purchases	July 2	483,272	658,745	523,247	370,098
Short sales	July 2	82,770	84,100	50,510	58,800
Other sales	July 2	688,559	701,407	569,577	530,080
Total sales	July 2	771,329	785,507	620,087	588,880
Total round-lot transactions for account of members—					
Total purchases	July 2	2,243,682	2,744,385	1,974,377	1,985,758
Short sales	July 2	355,970	379,600	251,990	311,810
Other sales	July 2	2,219,879	2,509,497	1,817,007	1,806,360
Total sales	July 2	2,575,849	2,889,097	2,068,997	2,118,170
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	July 19	110.0	110.3	110.3	110.2
Farm products	July 19	87.7	89.1	91.6	95.8
Processed foods	July 19	102.0	103.0	103.6	105.5
Meats	July 19	84.5	86.8	90.1	92.1
All commodities other than farm and foods	July 19	116.3	116.2	115.7	114.2

*Revised figure. ¶Includes 779,000 barrels of foreign crude runs. §Based on new annual capacity of 125,828,310 tons as of Jan. 1, 1955, as against Jan. 1, 1954 basis of 124,330,410 tons.
†Number of orders not reported since introduction of Monthly Investment Plan.

	Latest Month	Previous Month	Year Ago
ALUMINUM (BUREAU OF MINES):			
Production of primary aluminum in the U. S. (in short tons)—Month of May	131,128	126,394	125,138
Stocks of aluminum (short tons) end of May	12,052	13,949	71,415
AMERICAN GAS ASSOCIATION—For month of May:			
Total gas (M therms)	4,840,721	5,861,760	4,437,882
Natural gas sales (M therms)	4,575,594	5,529,661	4,176,014
Manufactured gas sales (M therms)	36,613	47,154	45,025
Mixed gas sales (M therms)	228,514	284,945	216,843
AMERICAN RAILWAY CAR INSTITUTE—Month of June:			
New domestic freight cars delivered	3,015	4,083	2,650
BANK DEBITS—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—Month of May (in thousands)	$167,710,000	$158,289,000	$149,812,000
BUSINESS INCORPORATIONS (NEW) IN THE UNITED STATES—DUN & BRADSTREET, INC.—Month of June	12,605	12,029	9,748
BUSINESS INVENTORIES — DEPT. OF COMMERCE NEW SERIES — Month of May (millions of dollars):			
Manufacturing	$43,533	*$43,264	$44,355
Wholesale	11,800	11,700	11,800
Retail	23,000	22,800	22,800
Total	$78,333	*$77,764	$78,955
COAL EXPORTS (BUREAU OF MINES)—Month of April:			
U. S. exports of Pennsylvania anthracite (net tons)	147,847	175,198	151,736
To North and Central America (net tons)	102,540	138,407	121,473
To Europe (net tons)	43,064	32,322	29,512
To Asia (net tons)	2,243	4,469	751
COPPER INSTITUTE—For month of June:			
Copper production in U. S. A.—			
Crude (tons of 2,000 pounds)	102,760	*106,773	86,119
Refined (tons of 2,000 pounds)	131,431	135,042	112,474
Deliveries to fabricators—			
In U. S. A. (tons of 2,000 pounds)	132,842	124,853	106,252
Refined copper stocks at end of period (tons of 2,000 pounds)	38,533	43,340	69,289
DEPARTMENT STORE SALES—SECOND FEDERAL RESERVE DISTRICT, FEDERAL RESERVE BANK OF N. Y. — 1947-49 Average=100—Month of June:			
Sales (average monthly), unadjusted	100	97	*99
Sales (average daily), unadjusted	98	99	*97
Sales (average daily), seasonally adjusted	101	101	*100
Stocks, unadjusted	105	113	*105
Stocks, seasonally adjusted	112	110	*112
INTERSTATE COMMERCE COMMISSION—Index of Railway Employment at middle of June (1947-49 Average=100)	81.5	80.2	81.5
LIFE INSURANCE—BENEFIT PAYMENTS TO POLICYHOLDERS — INSTITUTE OF LIFE INSURANCE—Month of May:			
Death benefits	$187,324,000	$182,525,000	$158,955,000
Matured endowments	50,619,000	45,512,000	41,416,000
Disability payments	9,171,000	9,064,000	8,804,000
Annuity payments	36,427,000	33,921,000	34,379,000
Surrender values	76,500,000	73,970,000	67,400,000
Policy dividends	79,900,000	75,986,000	66,561,000
Total	$439,941,000	$420,978,000	$377,515,000
MANUFACTURERS' INVENTORIES AND SALES (DEPT. OF COMMERCE) NEW SERIES—Month of May (millions of dollars):			
Inventories—			
Durables	$24,273	*$24,159	$24,908
Non-durables	19,260	*19,105	19,427
Total	$43,533	*$43,264	$44,335
Sales	26,534	*26,025	23,204
METAL OUTPUT (BUREAU OF MINES)—Month of May:			
Mine production of recoverable metals in the United States:			
Gold (in fine ounces)	156,426	*146,466	140,214
Silver (in fine ounces)	3,248,653	*3,292,175	3,303,491
Copper (in short tons)	91,025	*89,108	71,455
Lead (in short tons)	28,612	*28,602	25,404
MONEY IN CIRCULATION—TREASURY DEPT. As of May 31 (000's omitted)	$30,009,000	$29,769,000	$29,870,000
PERSONAL INCOME IN THE UNITED STATES (DEPARTMENT OF COMMERCE)—Month of May (in billions):			
Total personal income	$301.1	*$298.9	*$286.7
Wage and salary, receipts, total	207.1	*204.6	195.7
Commodity producing industries	90.6	*88.9	*84.5
Distributing industries	54.5	*53.6	*52.1
Service industries	27.3	*27.2	*25.5
Government	34.7	*34.9	*33.6
Less employee contributions for social insurance	5.2	5.1	*4.5
Other labor income	6.9	*6.9	*6.5
Proprietors and rental income	48.5	*49.0	*48.0
Personal interest income and dividends	26.2	*25.9	*24.5
Total transfer payments	17.6	*17.6	*16.5
Total non-agricultural income	286.6	*283.7	*271.0
PRICES RECEIVED BY FARMERS — INDEX NUMBER — U. S. DEPT. OF AGRICULTURE—1910-14=100—As of June 15:			
Unadjusted—			
All farm products	243	244	247
Crops	244	255	243
Food grain	232	240	216
Feed grain and hay	196	200	205
Tobacco	435	436	445
Cotton	266	266	274
Fruit	239	209	236
Truck crops	230	308	197
Oil-bearing crops	256	259	283
Livestock and products	242	234	249
Meat animals	276	260	296
Dairy products	235	236	229
Poultry eggs	176	175	169
UNITED STATES EXPORTS AND IMPORTS BUREAU OF CENSUS — Month of May (000's omitted):			
Exports	$1,307,500	*$1,262,100	$1,400,200
Imports	952,000	870,748	829,059

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

Academy Uranium & Oil Corp.
June 10 (letter of notification) 15,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For mining operations. **Office**—65 East Fourth South St., Salt Lake City, Utah. **Underwriter**—Western States Investment Co., same city.

● **All State Uranium Corp., Moab, Utah**
April 19 (letter of notification) 1,000,000 shares of common stock (par one cent). **Price**—30 cents per share. **Proceeds**—For mining operations. **Underwriter**—General Investing Corp., New York. Filing to be amended. **Offering**—Expected this week.

Allied Industrial Development Corp.
June 20 (letter of notification) 300,000 shares of class A common stock. **Price**—$1 per share. **Proceeds**—For oil and gas operations. **Office**—1508 Capitol Ave., Houston, Tex. **Underwriter** — Paul C. Ferguson & Co., same address.

Allstates Credit Corp., Reno, Nev.
June 27 (letter of notification) 27,000 shares of 7% cumulative preferred stock (par $10) and 27,000 shares of common stock (par $1) to be offered in units of one share of each class of stock. **Price**—$11 per unit. **Proceeds**—For working capital, etc. **Office**—206 No. Virginia St., Reno, Nev. **Underwriter**—Senderman & Co., same address.

American Asbestos Co., Ltd.
Feb. 17 (Regulation "D") 600,000 shares of common stock (par $1). **Price** — 50 cents per share. **Proceeds**—For general corporate purposes. **Underwriter**—Maine Investment Co., Ltd.

● **American Natural Gas Co.**
June 15 filed 736,856 shares of common stock (par $25) to be offered for subscription by common stockholders on the basis of one share for each five shares held on July 28 or 29 (with an oversubscription privilege); rights expire Aug. 12-13. **Price**—To be supplied by amendment. **Proceeds**—To be applied to the purchase of equity securities of subsidiaries or to replace other corporate funds used for that purpose. **Underwriter**—To be determined by competitive biding. Probable bidders: Blyth & Co., Inc.; The First Boston Corp.; Lehman Brothers; Glore, Forgan & Co. and W. C. Langley & Co. (jointly). **Bids**—Expected to be received in a week or two at 165 Broadway, New York 6, N. Y.

American Rare Metals Corp., N. Y.
May 11 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—To repay debt and for general corporate purposes. **Underwriter**—Equity Securities Co., 11 Broadway, New York, N. Y.

American Republic Investors, Inc., Dallas, Texas
July 15 filed 800,000 shares of common stock (par $1). **Price**—$10 per share. **Proceeds**—For working capital, etc. **Underwriter**—None.

★ **Approved Finance, Inc., Columbus, Ohio**
July 13 (letter of notification) 5,000 shares of common stock (no par) to be offered for subscription by stockholders at rate of one-half share for each share held as of July 22. **Price**—$60 per share. **Proceeds**—For general funds. **Office** — 39 East Chestnut St., Columbus, Ohio. **Underwriter**—None.

Arizona Amortibanc, Phoenix, Ariz.
April 4 (letter of notification) 300,000 shares of common stock, class A. **Price**—At par ($1 per share). **Proceeds**—For working capital. **Office**—807 West Washington St., Phoenix, Ariz. **Underwriter**—First National Life Insurance Co. of Phoenix, same address.

Arkansas Oil Ventures, Inc.
July 6 (letter of notification) 500,000 shares of common stock (par one cent). **Price** — Two cents per share. **Proceeds**—For drilling equipment and working capital. **Office**—615 Liberty Bank Bldg., Oklahoma City, Okla. **Underwriter**—F. R. Chatfield & Co., Inc., Springfield, Mass.

Atomic Research Corp., Colorado Springs, Colo.
July 11 (letter of notification) 87,500 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For payment of notes and account payable, purchase of additional equipment, and working capital. **Office** — 1405 Mesita Road, Colorado Springs, Colo. **Underwriter**—A. H. Vogel & Co., Detroit, Mich.

Automatic Remote Systems, Inc.
March 3 filed 540,000 shares of common stock (par 50 cents). **Price**—$3.75 per share. **Proceeds**—For manufacture of Teleac Sending and Receiving Units, working capital and general corporate purposes. **Office**—Baltimore, Md. **Underwriter**—Mitchell Securities, Inc., same city. Statement effective.

Badger Uranium Corp., Las Vegas, Nev.
July 1 (letter of notification) 6,500,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For mining operations. **Office**—401 Fremont St., Las Vegas, Nev. **Underwriter**—Weber Investment Co., same city.

Baldor Electric Co., St. Louis, Mo.
July 6 (letter of notification) 19,124 shares of common stock (par $10) to be offered for subscription by stockholders. **Price**—$15 per share. **Proceeds**—To expand production facilities and/or repair of building and equipment; to increase inventories; and for working capital. **Office**—4327-63 Duncan Ave., St. Louis 10, Mo. **Underwriter**—None.

★ **Baldwin & Hill Co.**
July 21 (letter of notification) 8,515 shares of common stock (par $1) to be offered to certain employees of company and its subsidiaries. **Price**—85% of average bid price in over-the-counter market during the two weeks preceding the date of this offering. **Proceeds**—For general corporate purposes. **Office** — 500 Brennig Ave., Trenton 2, N. J. **Underwriter**—None.

Beehive Uranium Corp., Salt Lake City, Utah
May 26 (letter of notification) 20,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For mining expenses. **Office** — 156 East Third South St., Salt Lake City, Utah. **Underwriter**—Columbia Securities Co., Denver, Colo., and Salt Lake City, Utah.

Black Panther Uranium Co., Oklahoma City, Okla.
July 12 filed 500,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To explore and drill leases and claims in State of Utah. **Underwriter**—Porter, Stacy & Co., Houston, Tex., on "best efforts basis."

Bojo Uranium Co., Salt Lake City, Utah
July 8 (letter of notification) 3,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For expenses incident to mining operations. **Office**—403 Felt Building, Salt Lake City, Utah. **Underwriter**—J. E. Call & Co., Salt Lake City, Utah.

★ **Boren Oil & Gas Corp., Wichita Falls, Texas**
July 26 filed $600,000 of 6% convertible debentures due July 15, 1975, to be initially offered for subscription by stockholders of record July 15 on the basis of $100 of debentures for each 100 shares (or fraction thereof held). **Price**—At 100% of principal amount. **Proceeds**—To pay current debt; for drilling expenses and development program. **Underwriters** — Burt, Hamilton & Co., Inc., Dallas, Tex.; and N. R. Real & Co., Jersey City, N. J.

California Electric Power Co. (8/23)
July 15 filed 230,000 shares of common stock (par $1). **Proceeds**—To reduce bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Carl M. Loeb, Rhoades & Co. and Bear, Stearns & Co. (jointly); Kidder, Peabody & Co.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane. **Bids**—Scheduled to be received on Aug. 23.

★ **California Electric Power Co. (8/30)**
July 2 filed $6,000,000 of first mortgage bonds, due 1985. **Proceeds**—For reduction of bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blair & Co. Incorporated; White, Weld & Co.; Blyth & Co., Inc. **Bids**—Scheduled to be received on Aug. 30.

Calumet & Hecla, Inc.
June 9 filed 113,592 shares of common stock (par $5) to be offered in exchange for all of the issued and outstanding capital stock of Goodman Lumber Co., Goodman, Wis., on the following basis: 18 shares for each share of Goodman common stock; seven shares for each share of Goodman 2nd preferred stock; and eight shares for each share of Goodman 1st preferred stock; offer to terminate on Sept. 15, 1955 (subject to withdrawal by Calumet if the required number of Goodman shares have not been deposited and accepted within 30 days from the date of the mailing of the prospectus to the Goodman stockholders). **Underwriter**—None.

Canadian Petrofina Ltd. (Montreal, Canada)
July 15 filed 1,434,123 shares of non-cumulative participating preferred stock (par $10), of which 270,943 shares are to be offered in exchange for shares of $1 par capital stock of Calvan Consolidated Oil & Gas Co. on the basis of one share of Canadian Petrofina for each four shares of Calvin stock and 1,163,180 shares to be offered in exchange for shares of common stock of Western Leaseholds Ltd. or Leasehold Securities Ltd. on the basis of three shares of Canadian Petrofina for each 10 shares of Western Leaseholds or Leasehold Securities stock held. **Underwriter**—None.

Canadian Uranium Mines, Ltd., Montreal, Canada
June 3 (regulation "D") 2,000,000 shares of common stock (par one cent). **Price**—15 cents per share. **Proceeds**—For exploration and development expenses. **Underwriter**—Tellier & Co., Jersey City, N. J.

★ **Capital Gains Fund, Inc., New York**
July 20 filed 400,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment.

Carbon Uranium Co. (Utah)
April 27 (letter of notification) 746,280 shares of common stock (par one cent). **Price** — 25 cents per share. **Proceeds**—For mining costs. **Underwriter**—J. E. Call & Co., Salt Lake City, Utah.

Caribou Ranch Corp., Denver, Colo.
July 15 filed 505,000 shares of common stock (par $1.) **Price**—$4 per share. **Proceeds**—For acquisition of property and equipment, construction of additional facilities, etc. **Underwriter**—Mountain States Securities, Inc., Denver, Colo.

Cedar Springs Uranium Co., Moab, Utah
June 8 (letter of notification) 300,000 shares of common stock (par five cents). **Price**—$1 per share. **Proceeds**—For mining expenses. **Underwriter**—Universal Investment Corp., Washington, D. C.

Central Reserve Oil Co. (N. Y.)
May 31 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—130 West 42nd Street, New York, N. Y. **Underwriter**—United Equities Co., 136 Liberty Street, New York, N. Y.

Chieftain Uranium Mines, Inc.
April 22 (letter of notification) 4,000,000 shares of capital stock. **Price**—At par (five cents per share). **Proceeds**—For mining operations. **Office**—223 Phillips Petroleum Bldg., Salt Lake City, Utah. **Underwriter**—Empire Securities Corp., same city.

● **Clad (Victor V.) Co., Philadelphia, Pa.**
June 17 (letter of notification) 120,000 shares of common stock (par 25 cents). **Price**—$2.50 per share. **Proceeds**—For equipment and working capital. **Underwriter**—Barrett Herrick & Co., Inc., New York.

Clad-Rex Steel Co., Denver, Colo.
June 6 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To retire outstanding debts and for working capital. **Office**—40th Ave. and Ulster St., Denver, Colo. **Underwriters**—Mountain States Securities Corp. and Carroll, Kirchner & Jaquith, Inc., both of Denver, Colo.

● **Colohoma Uranium, Inc., Montrose, Colo. (8/31)**
April 21 filed 2,960,000 shares of common stock (par one cent), of which 2,500,000 shares are to be offered publicly. **Price**—50 cents per share. **Proceeds**—For exploration and development expenses and for general corporate purposes. **Underwriters**—General Investing Corp., New York; and Shaiman & Co., Denver, Colo.

Colorado Oil & Uranuim Corp.
June 7 (letter of notification) 300,000 shares of common stock (par 20 cents). **Price**—$1 per share. **Proceeds**—For oil and mining activities. **Office** — 350 Equitable Bldg., Denver, Colo. **Underwriter**—Birkenmayer & Co., same city.

Colorado Sports Racing Association (7/29)
April 29 filed 600,000 shares of common stock (par five cents). **Price**—$1 per share. **Proceeds**—For purchase of land and other facilities and for working capital. **Office**—Grand Junction, Colo. **Underwriter**—General Investing Corp., New York.

Commerce Acceptance Co., Inc., Atchison, Kan.
July 5 (letter of notification) 3,000 shares of 4¾% cumulative preferred stock. **Price** — At par ($100 per share). **Proceeds**—For working capital. **Office**—604 Commercial St., Atchison, Kan. **Underwriter**—First Securities Co. of Kansas, Inc., Wichita, Kan.

Community Credit Co., Omaha, Neb.
June 6 (letter of notification) 1,000 shares of 5½% cumulative preferred stock. **Price**—At par ($100 per share). **Proceeds**—For working capital. **Office**—3023 Farnam St., Omaha, Neb. **Underwriter**—Wachob-Bender Corp., same city.

Community Drug Co., Inc., Arlington, Va.
July 6 (letter of notification) 30,000 shares of 6% cumulative participating preferred stock. **Price**—At par ($10 per share). **Proceeds**—For expansion, etc. **Underwriter** — Auchincloss, Parker & Redpath, Washington, D. C.

Confidential Finance Corp., Omaha, Neb
March 11 (letter of notification) 150,000 shares of 7% cumulative preferred stock (par 95 cents) and 15,000 shares of common stock (par one cent) to be offered in units of 10 shares of preferred stock and one share of common stock. **Price** — $10 per unit. **Proceeds** — For working capital. **Underwriter**—J. J. Riordan & Co., Inc., 42 Broadway, New York City.

Conjecture Mines, Inc., Coeur d'Alene, Idaho
May 5 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—For mining expenses. **Office**—326 Wiggett Bldg., Coeur d'Alene, Idaho. **Underwriter**—M. A. Cleek, Spokane, Wash.

Consolidated Sudbury Basin Mines, Ltd., Toronto, Canada
Jan. 31 filed 3,000,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—For exploration and development of properties. **Underwriter**—Stock to be sold on Toronto Stock Exchange or through underwriters or selected dealers in United States.

Consumers Power Co.
June 24 filed 373,689 shares of common stock (no par) being offered for subscription by common stockholders on the basis of one new share for each 20 shares held as of July 21; rights to expire on Aug. 5. Unsubscribed shares to be offered to employees of company and its subsidiary. **Price**—$45.25 per share. **Proceeds**—For construction program. **Underwriters** — Kuhn, Loeb & Co.; Ladenburg, Thalmann & Co.; Allen & Co.; Blair & Co. Incorporated; and Salomon Bros. & Hutzler.

Copper Blossom Uranium & Mining Co.
June 24 (letter of notification) 5,000,000 shares of capital stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining operations. **Office**—65 East 4th South, Salt Lake City, Utah. **Underwriter** — Empire Securities Corp., same city.

Copper Blossom Uranium & Mining Co.
June 24 (letter of notification) 5,000,000 shares of capital stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining expenses. **Office**—65 East 4th South, Salt Lake City, Utah. **Underwriter**—Empire Securities Corp., same city.

Cordillera Mining Co., Denver, Colo.
June 8 (letter of notification) 2,995,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining operations. **Offices** — 738 Majestic Bldg., Denver, Colo., and 317 Main St., Grand Junction, Colo. **Underwriter**—Lasseter & Co., Denver, Colo.

Cortez Uranium & Mining Co., Denver, Colo.
May 27 (letter of notification) 3,000.000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—404 University Building, Denver, Colo. **Underwriter**—Peters, Writer & Christensen, Inc., Denver, Colo.

Coso Uranium, Inc., Long Beach, Calif.
May 31 (letter of notification) 3,000,000 shares of capital stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—2485—American Ave., Long Beach 6, Calif. **Underwriter**—Coombs & Co., of Los Angeles, Inc., San Francisco and Los Angeles, Calif.

Cromwell Uranium & Development Co., Inc.
May 25 (regulation "D") 300,000 shares of common stock (par five cents). **Price**—$1 per share. **Proceeds**—For exploration and development expenses, etc. **Offices**—Toronto, Canada, and New York, N. Y. **Underwriter**—James Anthony Securities Corp., New York.

Crown Uranium Co., Casper, Wyo.
May 6 (letter of notification) 225,435 shares of common stock (par five cents). **Price**—At market (estimated at about 15 cents per share). **Proceeds**—To selling stockholder who received these shares in exchange for shares of Kontika Lead & Zinc Mines, Ltd. **Office**—205 Star Bldg., Casper, Wyo. **Underwriter**—Justin Steppler, Inc., New York.

★ **Davenport Manufacturing Co., Oak Park, Ill.**
July 15 (letter of notification) 4,000 shares of common stock (no par). **Price** — $5 per share. **Proceeds** — For equipment and leasehold improvements and working capital. **Office**—538 N. East Ave., Oak Park, Ill. **Underwriter**—None.

Dawn Uranium & Oil Co., Spokane, Wash.
June 16 (letter of notification) 1,500,000 shares of common stock. **Price** — 10 cents per share. **Proceeds**—For uranium and oil exploration. **Office**—726 Paulsen Bldg., Empire State Bldg., same city.

Denver-Golden Oil & Uranium Co.
June 23 (letter of notification) 2,999,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For oil and gas operations. **Office**—Denver Club Bldg., Denver, Colo. **Underwriter**—Carroll, Kirchner & Jaquith, Inc., Denver, Colo.

Deseret Uranium Corp., Salt Lake City, Utah
June 9 (letter of notification) 2,000,000 shares of capital stock. **Price**—At par (15 cents per share). **Proceeds**—For mining expenses. **Office**—527 Atlas Bldg., Salt Lake City, Utah. **Underwriters**—Western Securities Corp. and Potter Investment Co., both of Salt Lake City, Utah.

Dinosaur Uranium Corp., Seattle, Wash.
June 20 (letter of notification) 1,750,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—1226-1411 Fourth Ave. Bldg., Seattle, Wash.

NEW ISSUE CALENDAR

July 29 (Friday)
Colorado Sports Racing Association — Common
(General Investing Corp.) $600,000
Sun Hotel, Inc. — Common
(Golden-Dersch & Co. and Combs & Co. of Las Vegas, Inc.) $1,375,000

August 1 (Monday)
Federal Mortgage Co. of Connecticut — Bonds
(Offered by company—no underwriting) $75,000
Federal Mortgage Corp. of Massachusetts — Bonds
(Offer by company—no underwriting) $75,000
Industrial Hardware Mfg. Co., Inc. — Debentures & Common
(Hallowell Sulzberger & Co.; Baruch Brothers & Co., Inc. and Weill, Blauner & Co. Inc.) $1,500,000 debentures and 300,000 shares of stock
Kirby Oil & Gas Co. — Common
(Allen & Co. and Rauscher, Pierce & Co.) 200,000 shares
National Shoes, Inc. — Common
(C. E. Unterberg, Towbin Co.) $299,600
Siboney Development & Exploration Co. — Common
(Dempsey-Tegeler & Co.) 2,000,000 shares
Tennessee Life & Service Insurance Co. — Common
(Jesse C. Bowling) $276,000

August 2 (Tuesday)
Pacific Far East Line, Inc. — Preferred
(A. G. Becker & Co. Inc.) $2,000,000
Pacific Far East Line, Inc. — Common
(A. G. Becker & Co. Inc.) 160,000 shares
Thomas Industries, Inc. — Class A Common
(Kidder, Peabody & Co. and McCormick & Co.) 140,000 shares

August 3 (Wednesday)
Scudder Fund of Canada, Ltd. — Common
(Lehman Brothers) 250,000 shares

August 4 (Thursday)
Southeastern Telephone Co. — Common
(Scott, Horner & Mason, Inc.) 50,000 shares

August 5 (Friday)
Maule Industries, Inc. — Common
(Offering to stockholders—underwritten by Merrill Lynch, Pierce, Fenner & Beane) 638,532 shares

August 8 (Monday)
Livingston Oil Co. — Common
(Van Alstyne, Noel & Co.) $1,298,500
Pictograph Mining & Uranium Co., Inc. — Common
(Shaiman & Co.; J. H. Lederer Co.; and McGrath Securities Corp.) $500,000
Western Nebraska Oil & Uranium Co., Inc. — Com.
(Israel & Co.) $300,000

August 9 (Tuesday)
Foremost Dairies, Inc. — Debentures
(Allen & Co. and Salomon Bros. & Hutzler) $20,000,000

August 15 (Monday)
Northwest Nitro-Chemicals, Ltd. — Debs. & Common
(Eastman, Dillon & Co.) $8,500,000 debentures and 850,000 shares of stock
Trans-National Uranium & Oil Corp. — Common
(Garrett Brothers, Inc.) $3,000,000

August 19 (Friday)
Mississippi Valley Gas Co. — Debentures
(Offering to stockholders—underwritten by Equitable Securities Corp.) $2,000,000

August 22 (Monday)
St. Louis-San Francisco Ry. — Bonds
(Bids to be invited) $19,500,000
Talcott (James), Inc. — Common
(F. Eberstadt & Co. Inc.) 100,000 shares

August 23 (Tuesday)
California Electric Power Co. — Common
(Bids to be invited) 230,000 shares
Pacific Telephone & Telegraph Co. — Debentures
(Bids to be invited) $67,000,000

August 30 (Tuesday)
California Electric Power Co. — Bonds
(Bids to be invited) $6,000,000

August 31 (Wednesday)
Colohoma Uranium, Inc. — Common
(General Investing Corp. and Shaiman & Co.) $1,250,000

Sept. 5 (Monday)
Housatonic Public Service Corp. — Common
(Offering to stockholders—no underwriting) $325,974

September 13 (Tuesday)
Utah Power & Light Co. — Bonds
(Bids to be invited) $15,000,000
Utah Power & Light Co. — Common
(Bids to be invited) 177,500 shares

Sept. 20 (Tuesday)
Ohio Power Co. — Preferred
(Bids 11 a.m. EDT) $6,000,000
Ohio Power Co. — Bonds
(Bids 11 a.m. EDT) $22,000,000

September 21 (Wednesday)
Columbia Gas System, Inc. — Debentures
(Bids to be invited) $40,000,000

September 27 (Tuesday)
Pacific Power & Light Co. — Bonds
(Bids noon EDT) $10,000,000

October 1 (Saturday)
Mountain States Telephone & Telegraph Co. — Common
(Offering to stockholders—no underwriting) $48,688,100

October 4 (Tuesday)
Public Service Electric & Gas Co. — Debentures
(Bids to be invited) $35,000,000

October 5 (Wednesday)
Pacific Power & Light Co. — Preferred
(Expected by local dealers) $3,000,000

Oct. 18 (Tuesday)
Worcester County Electric Co. — Bonds
(Bids to be invited) $8,500,000

October 19 (Wednesday)
New York State Electric & Gas Corp. — Bonds
(Bids to be invited) $25,000,000

October 25 (Tuesday)
Arkansas Power & Light Co. — Preferred
(Bids to be invited) $8,000,000

November 9 (Wednesday)
Southern Co. — Common
(Bids to be invited) 500,000 shares

Electronics Co. of Ireland
Jan. 6 filed 300,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—For machinery and building and working capital. **Office** — 407 Liberty Trust Bldg., Philadelphia, Pa. **Underwriter**—None.

Fairway Uranium Corp., Salt Lake City, Utah
May 23 (letter of notification) 275,000 shares of capital stock (par 50 cents). **Price**—$1 per share. **Proceeds**—For mining expenses. **Office**—2320 South Main Street, Salt Lake City, Utah. **Underwriter** — Eliason, Taylor, Cafarelli Co., Las Vegas, Nev.

Farm Family Mutual Insurance Co., Albany, N. Y.
June 28 filed $1,500,000 of 5% debentures to be offered directly to members of the American Farm Bureau Federation and to State Farm Bureau Federations and local organization. **Price**—At 100% of principal amount (in denominations of $250 each). **Proceeds**—To provide company with necessary funds to comply with requirements of surplus to policyholders under New York and other state laws. **Underwriter**—None.

Federal Mortgage Corp. of Connecticut (8/1)
July 15 (letter of notification) $75,000 of 12% bonds due in five years commencing Dec. 31, 1959. **Price**—At par (in denominations of $100 each). **Proceeds**—For working capital. **Office**—c/o Wilbur Duberstein, Colonial Green, Westport, Conn. **Underwriter**—None.

Federal Mortgage Corp. of Massachusetts (8/1)
July 15 (letter of notification) $75,000 of 12% bonds due in five years commencing Dec. 31, 1959. **Price**—At par (in denominations of $100 each). **Proceeds**—For working capital. **Office**—59 Olmsted Drive, Springfield, Mass. **Underwriter**—None.

Five States Uranium Corp.
June 30 (letter of notification) 3,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—1019 Simms Bldg., Albuquerque, N. M. **Underwriters** — Coombs & Co. of Ogden, Inc., Odgen, Utah; and Shelton Sanders Investments, Albuquerque, N. M.

★ **Fluidal Valves, Inc., Long Beach, Calif.**
July 11 (letter of notification) 142,500 shares of capital stock. **Price** — At par ($1 per share). **Proceeds** — For working capital; reserve for costs on anticipated orders, research and development; and related expenses. **Office** —3372 Lime Ave., Long Beach, Calif. **Underwriter**—None.

Foremost Dairies, Inc. (8/9)
July 21 filed $20,000,000 of 4½% subordinated debentures due Jan. 1, 1981, of which $15,000,000 are to be offered first to holders of the outstanding $4.50 preferred stock (par $100), 4½% cumulative preferred stock, sinking fund series (par $50) and 4½% cumulative preferred stock, sinking fund series of 1955 (par $50) at the offering price; and $5,000,000 are to be offered in exchange, par for par, for the outstanding 50,000 shares of Philadelphia Dairy Products Co., Inc. first preferred stock. Offer expected to run from Aug. 9 to Aug. 30. **Price**—105% of principal amount. **Proceeds**—To redeem preferred stocks. **Underwriters**—Allen & Co. and Salomon Bros. & Hutzler, both of New York.

Fort Pitt Packaging International, Inc.
June 30 filed 300,000 shares of common stock (par 10¢), of which 250,000 shares of for account of company and 50,000 shares of five selling stockholders. **Price**—$3 per share. **Proceeds**—For working capital; for exploitation of "Totosave" system; and for marketing of "Tropic-Ray" infra-red space heater. **Office** — Pittsburgh, Pa. **Underwriter**—Barrett Herrick & Co., Inc., New York.

Fowler Telephone Co., Pella, Ia.
May 6 (letter of notification) $260,000 of 4% first mortgage bonds, series A, due May 1, 1975. **Price**—At par (in denominations of $1,000 each). **Proceeds**—To retire existing debt, acquire Northwestern Bell properties in Leighton, Ia., and for conversion of both exchanges to dial operation. **Underwriter** — Wachob-Bender Corp., Omaha, Neb.

Freedom Insurance Co., Berkeley, Calif.
June 6 filed 1,000,000 shares of common stock (par $10). **Price**—$22 per share. **Proceeds**—For capital and surplus. **Business**—All insurance coverages, except, life, title and mortgage. **Office**—2054 University Avenue, Berkeley, Calif., c/o Ray B. Wiser, President. **Underwriter**—Any underwriting agreement will be made on behalf of this company by Uni-Insurance Service Corp.

GAD Enterprises, Inc., Alexandria, Va.
March 15 (letter of notification) 260,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For purchase of factory and working capital. **Office**—1710 Mount Vernon Avenue, Alexandria, Va. **Underwriter**—T. J. O'Connor and Associates, Washington, D. C.

General Homes, Inc.
Dec. 15 filed 300,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For plant expansion, new equipment, inventory and working capital. **Office**—Huntington Station, L. I., N. Y. **Underwriter**—S. D. Fuller & Co., New York.

★ **General Minerals Corp., Dallas, Texas**
July 21 filed 1,850,000 shares of common stock (par $1). **Price**—To be supplied by amendment (may be around $2 per share). **Proceeds**—To purchase the production payments to which the company's oil properties are now subject; to pay an obligation of S. Y. Guthrie, President; and for acquisition of additional uranium properties and exploration, development and mining of its present properties. **Underwriters** — Sanders & Newsom and Rauscher, Pierce & Co., both of Dallas, Tex.; and Laird & Co., Wilmington, Del.

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General Waterworks Corp.
June 30 (letter of notification) 3,000 shares of 5% cumulative preferred stock. **Price** — At par ($100 per share). **Proceeds**—To retire bank loans. **Underwriters**—Southern Securities Corp., and Hill, Crawford & Lanford, Inc., both of Little Rock, Ark.; and Security & Bond Co., Lexington, Ky.

★ **Gibralter Uranium Corp., Aurora, Colo.**
July 18 (letter of notification) 2,000,000 shares of common stock (par one cent). **Price** — 15 cents per share. **Proceeds**—For expenses incident to mining. **Office**—701 Moline St., Aurora, Colo. **Underwriter**—Robert J. Connell, Inc., Denver, Colo.

● **Goodyear Tire & Rubber Co., Akron, Ohio**
June 28 filed 913,531 shares of common stock (par $5) being offered for subscription by stockholders of record July 21 on the basis of one new share for each 10 shares held; rights to expire on Aug. 8. **Price**—$50 per share. **Proceeds**—For expansion and working capital. **Underwriter**—Dillon, Read & Co., Inc., New York.

Great Eastern Mutual Life Insurance Co.
June 23 (letter of notification) 45,583 shares of common stock (par $1) to be offered for subscription by stockholders of record June 10 in the ratio of one new share for each three shares held; stock not subscribed for by Sept. 10, 1955 will be offered to public. **Price**—To stockholders, $3 per share; and to public, $5 per share. **Proceeds**—To increase capital and surplus accounts. **Office**—210 Boston Bldg., Denver, Colo. **Underwriter**—None.

Great Yellowstone Uranium Co.
June 29 (letter of notification) 1,200,000 shares of common stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—For mining operations. **Office**—139 N. Virginia St., Reno, Nev. **Underwriters**—Cromer Brokerage Co. and Walter Sondrup & Co., both of Salt Lake City, Utah.

★ **Hand-Skill Looms, Inc., Woonsocket, R. I.**
July 20 (letter of notification) 19,000 shares of 6% cumulative preferred stock (par $5) and 57,000 shares of common stock (par $2) to be offered in units of one preferred and three common shares. **Price**—$11 per unit. **Proceeds** — For development and expansion; working capital, etc. **Office** — 59 Social St., Woonsocket, R. I. **Underwriter**—None.

Hardy-Griffin Engineering Corp., Houston, Texas
July 8 (letter of notification) 240,000 shares of common stock (par one cent). **Price**—$1.25 per share. **Proceeds**—For purchase of machinery and equipment and working capital. **Underwriter**—Benjamin & Co., Houston, Texas.

Hawk Lake Uranium Corp.
April 12 filed 200,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds** — For mining expenses, etc. **Underwriter**—Dobbs & Co., New York City, will act as agents.

★ **Hedges Diesel, Inc.**
July 25 (letter of notification) 5,419 shares of class A common stock and 10,838 shares of class B common stock. **Price**—At par ($10 per share). **Proceeds**—For expansion, equipment and working capital. **Underwriter**—Butcher & Sherrerd, Philadelphia, Pa.

Home-Stake Production Co., Tulsa, Okla.
May 12 filed 60,000 shares of capital stock (par $5) and 1,000 debentures (par $100) to be offered for sale in units of 60 shares of stock and one $100 debenture, or multiples thereof. **Price**—$400 per unit. **Proceeds**—For working capital. **Underwriter**—None. O. Strother Simpson, of Tulsa, Okla., is President.

Horton Aircraft Corp., Las Vegas, Nev.
April 26 filed 500,000 shares of common stock (no par), of which 400,000 shares are to be offered for account of company and 100,000 shares for account of William E. Horton, President. **Price**—$1 per share. **Proceeds**—For construction of model of "Horton Wingless Aircraft" and expenses incident thereto. **Underwriter**—None.

● **Houston Gulf Sulphur Co.**
April 25 filed 500,000 shares of common stock (par one cent). **Price**—$1.20 per share. **Proceeds**—For exploration for sulphur and related activities. **Name Changed**—Formerly Humble Sulphur Co. **Office** — Houston, Tex. **Underwriters**—Hunter Securities Corp., New York; and Garrett & Co., Dallas, Tex.

Inca Uranium Corp., Salt Lake City, Utah
April 25 (letter of notification) 15,000,000 shares of capital stock. **Price**—At par (one cent per share). **Proceeds**—For mining expenses. **Office**—1946 S. Main St., Salt Lake City, Utah. **Underwriter** — Guss & Mednick Co., Salt Lake City, and Moab, Utah.

● **Industrial Hardware Mfg. Co. (8/1-5)**
May 12 (amendment) $1,500,000 of 5% debentures due 1975 and 300,000 shares of common stock (par 50 cents), of which 85,000 shares are to be sold to Seymour and Bernard Offerman at $5 per share. **Price**—To be supplied by amendment. **Proceeds**—To purchase Hugh H. Eby Co. and Wirt Co. **Underwriters**—Hallowell, Sulzberger & Co., Philadelphia; and Baruch Brothers & Co., Inc., Weill, Blauner & Co., Inc., both of New York.

★ **Inland Oil & Uranium Corp., Denver, Colo.**
July 18 (letter of notification) 1,200,000 shares of common stock (par 10 cents). **Price** — 25 cents per share. **Proceeds**—For expenses incident to oil and gas activities. **Office**—3975 East 58th Ave., Denver, Colo. **Underwriter**—Shaiman & Co., Denver, Colo.

International Fidelity Insurance Co., Dallas, Tex.
March 30 filed 119,000 shares of common stock (no par). **Price**—$5.75 per share. **Proceeds**—To 12 selling stockholders. **Underwriter**—Franklin Securities Co., Dallas, Texas.

Interstate Adjusteze Corp.
June 23 filed 345,534 shares of common stock (par $1) to be offered for subscription by common stockholders of Interstate Engineering Corp. on a share-for-share basis from about July 22 to Aug. 5. **Price**—$2 per share. **Proceeds**—For machinery and equipment; and for working capital. **Office** — Anaheim, Calif. **Underwriters**—Dempsey-Tegeler & Co., St. Louis, Mo.; Cruttenden & Co., Chicago, Ill.; and Fairman & Co., Los Angeles, Calif.

★ **Interstate Amiesite Corp.**
July 19 filed $438,200 of 5½% convertible debentures due 1965, to be offered first for subscription by stockholders at the rate of $20 of debentures for each 16 shares held. **Price** — To be supplied by amendment. **Proceeds** — For working capital. **Business** — Bituminous concrete paving materials. **Office**—Delaware Trust Bldg., Wilmington 99, Del. **Underwriter**—None.

★ **Investment Trust of Boston, Boston, Mass.**
July 15 filed (by amendment) 800,000 shares of beneficial interest in the Trust. **Price**—At market. **Proceeds**—For investment.

Israel Pecan Plantations, Ltd.
Feb. 28 filed 24,900 shares of ordinary common stock (par one Israeli pound). **Price**—$10 per share. **Proceeds**—For capital expenditures. **Underwriter**—None. **Offices**—Natanya, Israel, and New York, N. Y.

Kachina Uranium Corp., Reno, Nev.
May 12 (letter of notification) 600,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—For mining expenses. **Office**—206 N. Virginia St., Reno, Nev. **Underwriter**—Whitney, Cranmer & Schulder, Inc., Denver, Colo.

● **Kirby Oil & Gas Co. (8/1-2)**
July 8 filed 200,000 shares of common stock (par $1), of which 100,000 shares are for the account of the company and 100,000 shares for the account of the Murchison-Richardson financial interests of Texas. **Price**—To be supplied by amendment. **Proceeds**—To retire outstanding bank loans and for exploration of oil and gas leases. **Underwriters**—Allen & Co., New York; and Rauscher, Pierce & Co., Dallas, Texas.

★ **LaFayette Mills, Inc., LaFayette, Ga.**
July 15 (letter of notification) 28,400 shares of common stock. **Price**—At par ($10 per share). **Proceeds** — For purchase of properties and working capital. **Underwriter**—None.

● **LeBlanc Medicine Co., Inc., Lafayette, La.**
April 6 filed 1,000,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For purchase of land, plant, warehouse, office building and equipment; and additional working capital. **Business**—Processing, packaging and merchandising of new proprietory medicine, KARY-ON. **Underwriter** — None. Statement withdrawn.

Leborn Oil & Uranium Co.
June 8 (letter of notification) 6,000,000 shares of capital stock. **Price**—At par (five cents per share). **Proceeds**—For mining expenses. **Office** — 124½ South Main St., Newcastle, Wyo. **Underwriter** — Mid-American Securities, Inc. of Utah, Salt Lake City, Utah.

Life and Accident Insurance Co. of Alabama
June 2 filed 750,000 shares of class B (non-voting) common stock (par $1). **Price**—$3 per share. **Proceeds**—To increase capital and surplus. **Office**—Gadsden, Ala. **Underwriter** — None, sales to be handled by Burlus Randolph Winstead, Secretary and Treasurer of the company.

Little Star Uranium Co., Inc., Casper, Wyo.
May 25 filed 5,000,000 shares of common stock (par 10 cents). **Price**—15 cents per share. **Proceeds**—To purchase machinery and equipment; for drilling and reconnaissance surveys; for acquisition of additional properties; and for working capital and other purposes. **Underwriter**—Peters, Writer & Christensen, Inc., Denver, Colo. Statement effective July 11.

● **Livingston Oil Co., Tulsa, Okla. (8/8-12)**
June 16 filed 742,000 shares of common stock (par 10 cents). **Price**—$2.75 per share. **Proceeds**—For purchase of properties and working capital. **Underwriter** — Van Alstyne, Noel & Co., New York.

Lone Star Uranium & Drilling Co., Inc.
April 7 (letter of notification) 570,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—For mining expenses. **Office**—1100 Fidelity Union Life Bldg., Dallas, Tex. **Underwriter** — Christopulos-Nichols Co., Las Vegas, Nev.

Lutah Uranium & Oil, Inc.
May 23 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining operations. **Office**—Suite 1003, Continental Bank Bldg., Salt Lake City, Utah. **Underwriter**—Havenor-Cayias. Inc., same city.

● **Maule Industries, Inc., Miami, Fla. (8/5)**
July 15 filed 638,532 shares of common stock (par $1), to be offered for subscription by common stockholders at the rate of one new share for each 2½ shares held about Aug. 5; rights to expire Aug. 22. **Price**—To be supplied by amendment. **Proceeds** — To pay purchase money notes issued in connection with property acquisitions; to pay bank loans; and to exercise an option to purchase the Lake plant property. **Business**—Production and sale of concrete aggregates, concrete blocks and ready-mix concretes. **Underwriter** — Merrill Lynch Pierce, Fenner & Beane, New York.

★ **McFarland Manufacturing Corp., Houston, Texas**
July 18 (letter of notification) 7,500 shares of common stcok. **Price**—$10 per share. **Proceeds** — For working capital and expansion. **Office**—1630 Roberts St., Houston, Tex. **Underwriter**—None.

Medical Abstracts, Inc., Philadelphia, Pa.
June 15 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For working capital, etc. **Office**—825 Western Savings Fund Bldg., Philadelphia, Pa. **Underwriter** — Carl J. Bliedung, Washington, D. C.

Mehadrin Plantations, Inc., New York
April 28 filed 70,000 shares of common stock (par $10). **Price**—$10.75 per share. **Proceeds**—For acquisition of additional groves and working capital and other general corporate purposes. **Business**—Production and sale of citrus fruits in State of Israel; also plans to grow subtropical fruits. **Underwriter**—None.

Merritt-Chapman & Scott Corp., New York
June 28 filed 314,718 shares of common stock (par $12.50) to be offered in exchange as follows: 102,250 shares to class A stockholders of Devoe & Raynolds & Co., Inc. on basis of 1⅔ shares for each Devoe share; 6,621 shares to class B common stockholders of Devoe on 1⅓-for-1 basis; 127,623 shares to common stockholders of New York Shipbuilding Corp. on a share-for-share basis; 53,324 shares to common stockholders of Tennessee Products & Chemical Corp. on a 1¼-for-1 basis; 13,453 shares to common stockholders of Newport Steel Corp. on a 1-for-2.1 basis; 10,899 shares to common stockholders of Marion Power Shovel Co. on a 1½-for-1 basis; and 548 shares of class B common stockholders of The Osgood Co. on a 1-for-1½ basis. **Underwriter**—None.

★ **Meter Advertising Co., Yakima, Wash.**
July 12 (letter of notification) 7,501 shares of common stock. **Price**—At par ($5 per share). **Proceeds**—For purchase of meter advertising devices and miscellaneous expenses. **Office**—416 South 18th Ave., Yakima, Wash. **Underwriter**—None.

● **Midwestern United Life Insurance Co.**
May 25 filed 75,000 shares of common stock to be offered for subscription by stockholders of record June 1 on a 1-for-4 basis. **Price**—$2 per share. **Proceeds**—For capital and surplus. **Office**—229 West Berry St., Fort Wayne, Ind. **Underwriter**—None. Statement effective.

Mitchell Mining Co., Inc., Mount Vernon, Wash.
May 13 (letter of notification) 500,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—For mining expenses. **Address**—P. O. Box 301, Mount Vernon, Wash. **Underwriter**—Standard Securities Corp., Spokane, Wash.

Moab King, Inc.
April 4 (letter of notification) 10,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For mining expenses. **Office**—210 Zions Savings Bank Building, Salt Lake City, Utah. **Underwriter** — Potter Investment Co., same city.

★ **Moapa Uranium Corp., Las Vegas, Nev.**
July 11 (letter of notification) 3,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—1112 Fremont St., Las Vegas, Nev. **Underwriter**—None.

Monte Carlo Uranium Mines, Inc.
June 6 (letter of notification) 6,000,000 shares of common stock. **Price**—At par (five cents per share). **Proceeds**—For mining expenses. **Office** — 706 Newhouse Bldg., Salt Lake City, Utah. **Underwriter**—Mid-Continent Securities, Inc., same city.

Morning Sun Uranium, Inc., Spokane, Wash.
June 14 (letter of notification) 700,000 shares of common stock (par 10 cents). **Price** — 25 cents per share. **Proceeds**—For mining expenses. **Office** — 415 Paulsen Bldg., Spokane, Wash. **Underwriter**—Pennaluna & Co., same city.

Mortgage Associates, Inc., Philadelphia, Pa.
June 7 (letter of notification) 20,000 shares of 60-cent convertible preferred stock (par $5) and 20,000 shares of common stock (par 10 cents). **Price**—For preferred, $10 per share; and for common, $2.50 per share. **Proceeds**—For construction loans and acquisitions. **Underwriters**—Rambo, Close & Kerner Inc., Philadelphia, Pa.; and J. S. Hope & Co., Scranton, Pa.

★ **Murdock Acceptance Corp., Memphis, Tenn.**
July 15 (letter of notification) 26,000 shares of common stock (par $5). **Price**—$11.50 per share. **Proceeds** — For working capital. **Office** — 400 Union Ave., Memphis, Tenn. **Underwriters**—Equitable Securities Corp., Nashville, Tenn.; and Bullington-Schas & Co., Memphis, Tenn.

National Credit Corp., Phoenix, Ariz.
May 6 filed 300,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For working capital. **Underwriter**—None.

● **National Shoes, Inc. (8/1)**
July 15 (letter of notification) 42,800 shares of common stock (par $1). **Price**—$7 per share. **Proceeds**—For working capital. **Office**—595 Gerard Ave., Bronx. New York City. **Underwriter**—C. E. Unterberg, Towbin Co., New York.

Navajo Cliffs Uranium Corp., Provo, Utah
July 6 (letter of notification) 6,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining expenses. **Office**—156 No. University Ave., Provo, Utah. **Underwriter** — Lindquist Securities, Salt Lake City, Utah.

★ **Nekoosa-Edwards Paper Co., Port Edwards, Wis.**
July 18 (letter of notification) 1,062 shares of common stock (par $10) to be offered to employees pursuant to Employees' Stock Option Plan. **Price**—$12.75 per share. **Proceeds**—For general corporate purposes. **Underwriter**—None.

★ **Neva-U-Tex Uranium, Inc., Goldfield, Nev.**
July 15 (letter of notification) 4,000,000 shares of capital stock. **Price**—Five cents per share. **Proceeds**—For mining expenses, etc. **Office**—312 East Crook St., Goldfield, Nev. **Underwriter** — Utah Uranium Brokers, Salt Lake City, Utah.

Northport Water Works Co.
June 23 (letter of notification) 4,438 shares of common stock (no par) to be offered for subscription by stockholders on the basis of one share for each 3½ shares held (with an oversubscription privilege). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and accounts payable and for new construction. **Office**—50 Church St., New York, N. Y. **Underwriter**—None.

★ **Northwest Nitro-Chemicals, Ltd. (8/15-19)**
July 21 filed $8,500,000 of 10-year subordinate income debentures, series A and B, due 1965, and 850,000 shares of common stock (par one cent) to be offered in units of $50 of debentures and five shares of stock. **Price**—To be supplied by amendment. **Proceeds**—To buy land and construct a synthetic fertilizer plant; and for working capital and other corporate purposes. **Office**—Calgary, Alberta, Canada. **Underwriters**—Eastman, Dillon & Co., New York.

Oasis Uranium & Oil Corp., Fort Worth, Texas
June 8 (letter of notification) 265,000 shares of common stock (par 50 cents). **Price**—$1 per share. **Proceeds**—For uranium and oil exploration. **Office**—Fortune Arms Bldg., Fort Worth, Tex. **Underwriter**—Standard Securities, Inc., Salt Lake City, Utah.

● **Ocean Drilling & Exploration Co.**
June 23 filed 225,666 shares of common stock (par $1) being offered for subscription by common stockholders of record July 13 on the basis of two new share for each nine shares held; rights to expire on July 28. Murphy Corp., which owns 530,450 shares (52%) of the 1,015,500 common shares outstanding, intends to exercise rights to purchase the 117,877 shares to which it is entitled. **Price**—$8 per share. **Proceeds**—For equipment, to acquire oil and gas interests, exploration and possibly drilling costs; and to pay all or a portion of a $705,000 mortgage note. **Office** — New Orleans, La. **Underwriters**—None, but Morgan Stanley & Co. (New York) and Reinholdt & Gardner (St. Louis, Mo.) have agreed to use their best efforts to sell any unsubscribed share (a maximum of 107,759 shares).

Old Republic Insurance Co.
June 10 filed 100,000 shares of common stock (par $5) being offered for subscription by stockholders of record June 30 on the basis of one new share for each share held; rights to expire on Aug. 8. **Price**—$21 per share. **Proceeds**—To diversify and increase its premium volume. **Office**—Greensburg, Pa. **Underwriter**—The First Boston Corp., New York.

★ **Orange Hotel, Inc., Dallas, Texas**
July 19 filed $450,000 of registered 4% sinking fund debentures due May 1, 1985, which are to be offered in exchange for $375,000 principal amount of registered 4% debentures and 3,750 shares of $20 par stock of Orange Community Hotel Co. in the ratio of $120 of new debentures for each $100 of debentures and 20 shares of stock of the Community company. **Underwriter**—None.

Pacific Far East Line, Inc. (8/2)
July 12 filed 80,000 shares of cumulative convertible preferred stock (par $25) and 160,000 shares of common stock (par $5). Of the latter, 100,000 share are to be sold for account of the company and 60,000 shares for account of the Chicago Corp. **Price**—To be supplied by amendment. **Proceeds**—To retire a small issue of junior preferred stock and for fleet replacement program. **Office**—San Francisco, Calif. **Underwriter**—A. G. Becker & Co. Inc., Chicago, Ill.

Pacific Uranium & Oil Corp.
June 6 (letter of notification) 3,000,000 shares of common stock (par two cents). **Price**—10 cents per share. **Proceeds** — For mining expenses. **Office** — 811 Boston Bldg., Denver, Colo. **Underwriter**—Amos C. Sudler & Co., same city.

Palestine Economic Corp., New York
July 1 filed 50,000 shares of common stock (par $25) and $2,000,000 of five-year 5% notes, series 1955. **Price**—Of stock, $28 per share; and of notes, at 100% of principal amount. **Proceeds** — For further development of Israel industry; development of urban and suburban areas; extension of credit; financing of exports to Israel; and working capital and general corporate purposes. **Underwriter**—None, sales to be handled through company officials and employees.

Panama Minerals, Inc., S. A. (Republic of Panama)
June 30 filed 400,000 shares of common stock (par $1). **Price**—$1.25 per share. **Proceeds**—For mining expenses. **Office**—Denver, Colo. **Underwriter**—None.

★ **Pandora Uranium Mines, Inc.**
July 14 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For expenses incident to mining operations. **Office**—520 Main St., Grand Junction, Colo. **Underwriter**—Columbia Securities Co., Denver 2, Colo. and Salt Lake City, Utah.

Pelican Uranium Corp., Salt Lake City, Utah
May 25 (letter of notification) 300,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds** — For mining expenses. **Office** — 688 East 21st South, Salt Lake City, Utah. **Underwriter** — Trans-Western Brokerage Co., New Orleans, La., and Salt Lake City, Utah.

Permian Basin Uranium Corp.
June 2 (letter of notification) 640,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining costs. **Office**—613 Simms Building, Albuquerque, N. Mex. **Underwriter** — Western Securities Corp., Salt Lake City, Utah.

Pictograph Mining & Uranium Co., Inc. (8/8)
June 15 filed 2,400,000 shares of common stock (par one cent). **Price**—25 cents per share. **Proceeds**—For exploration and mining operations and for purchase of equipment and additional claims or leases when justified. **Office**—Edgemont, S. D. **Underwriters**—Shaiman & Co., Denver, Colo.; and J. H. Lederer Co. and McGrath Securities Corp., both of New York City.

Pioneer Mortgage & Development Corp.
April 27 filed 300,000 shares of common stock (par $1), with warrants attached entitling the holder to purchase one additional share at prices ranging from $13 to $20 depending upon the exercise date. **Price**—$10 per share "as a speculation." **Proceeds**—For working capital and general corporate purposes. **Office**—Houston, Tex. **Underwriter**—None. Statement effective July 14.

★ **Porter International Co., Washington, D. C.**
July 18 (letter of notification) 250 shares of non-cumulative 6% preferred stock (par $100) and 15,200 shares of common stock (par $1). Common stock is offered pursuant to option provided by preferred, such option covering 10 shares of common at $1 per share at any time prior to July 1, 1958. **Price**—At par. **Proceeds**—For working capital and operating expenses. **Office**—1025 Connecticut Ave., N. W., Washington 6, D. C. **Underwriter**—None.

Powder River Pipeline, Inc., Billings, Mont.
May 31 (letter of notification) $300,000 of 5½% 10-year debentures. **Price**—At par (in denominations of $1,000 each). **Proceeds**—For expenses incident to oil and gas activities. **Underwriter**—The First Trust Co. of Lincoln, Neb. **Office**—Fratt Bldg., Billings, Mont.

● **Primary Minerals Corp.**
May 24 filed 1,400,000 shares of common stock (par one cent). **Price**—50 cents per share. **Proceeds**—For acquisition of mining equipment and other mining expenses. **Office** — San Francisco, Calif. **Underwriter** — General Investing Corp., New York. Statement withdrawn.

★ **Produce Materials Cooperative Association, Inc.**
June 23 (letter of notification) 250 shares of capital stock and 250 membership ($100 each). **Price**—At par ($100 per share). **Proceeds** — For expenses incident to packaging agricultural products and reselling to members. **Address**—Box 683, Salinas, Calif. **Underwriter**—None.

Prospect Hill Golf & Country Club, Inc.
July 8 (letter of notification) 11,900 shares of preferred stock. **Price**—At par ($25 per share). **Proceeds**—For swimming pool, club furnishings and equipment, golf course and organization and develoment expense. **Office**—Bowie, Md. **Underwriter**—L. L. Hubble & Co., Inc., Baltimore, Md.

Pyramid Electric Co.
May 3 filed 50,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Underwriter** — S. D. Fuller & Co., New York.

★ **Radium Hill Uranium, Inc., Montrose, Colo.**
July 19 (letter of notification) 625,000 shares of common stock (par one cent). **Price**—32 cents per share. **Proceeds** — For expenses incident to mining operations. **Office**—Bryant Bldg., Montrose, Colo. **Underwriters**—General Investing Corp., New York, N. Y., and Shaiman & Co., Denver, Colo.

★ **Rampart Uranium Co., Colorado Springs, Colo.**
July 19 (letter of notification) 2,475,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For expenses incident to mining operations. **Office**—Mining Exchange Bldg., Colorado Springs, Colo. **Underwriter**—Al J. Johnson & Co., same address.

Rebel Oil & Uranium Co., Denver, Colo.
May 27 (letter of notification) 6,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining operations. **Office**—636 South Broadway, Denver, Colo. **Underwriter**—Lester Gould & Co., Inc., same city.

Revere Realty, Inc., Cincinnati, Ohio
March 8 filed $1,000,000 of 5½% cumulative convertible debentures due Jan. 1, 1980 and 25,000 shares of common stock (no par). **Price**—Par for debentures and $100 per share for stock. **Proceeds** — To purchase real estate or interest therein. **Underwriter**—Stanley Cooper Co., Inc., Cincinnati, O.

★ **Rocket Mining Corp., Salt Lake City, Utah**
July 15 (letter of notification) 6,000,000 shares of capital stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining operations. **Office**—530 Judge Bldg., Salt Lake City, Utah. **Underwriter**—Mid America Securities, Inc., of Utah, 26 W. Broadway, Salt Lake City, Utah.

★ **Royal Register Co., Inc., Nashua, N. H.**
July 20 (letter of notification) 25,000 shares of class A common stock (par $1). **Price**—$10 per share. **Proceeds**—For purchase of materials and supplies; capital equipment and reduction of note debt; and for working capital. **Office** — 1 Pine St., Nashua, N. H. **Underwriter**—Lamont & Co., Boston, Mass.

Royal Uranium Corp.
May 26 (letter of notification) 200,000 shares of common stock (par five cents). **Price**—At market (total not to exceed $150,000). **Proceeds**—For working capital. **Office**—Walker Bank Bldg., Salt Lake City, Utah. **Underwriter**—Whitney & Co., same city. No general offer planned.

Saint Anne's Oil Production Co.
May 9 (letter of notification) 20,000 shares of common stock (par $1) to be first offered to stockholders. **Price**—$6.25 per share. **Proceeds** — For oil and mineral and related activities. **Office**—Northwood, Iowa. **Underwriter**—None.

St. Regis Paper Co., New York
June 28 filed 329,327 shares of common stock (par $5) to be offered in exchange for common stock of General Container Corp. on basis of 2⅜ shares of St. Regis for one General share. Offer is conditioned upon St. Regis obtaining 80% of outstanding General stock. **Underwriter**—None.

★ **Salerno Uranium Mining Co., Patagonia, Ariz.**
July 18 (letter of notification) 75,000 shares of capital stock. **Price**—$4 per share. **Proceeds**—For mining expenses. **Underwriter**—None.

San Juan Uranium Corp.
June 23 (letter of notification) 89,850 shares of common stock (par one cent), represented by options issued to underwriters. **Price**—50 cents per share. **Proceeds**—To selling stockholder. **Office** — Fidelity Bldg., Oklahoma City, Okla. **Underwriter** — E. W. Whitney, Wewoka, Okla.; and through company.

Sanitary Products Corp., Chicago, Ill.
June 27 (letter of notification) 15,000 shares of common stock (par $1). **Price**—At market (estimated at $1.62½ to $2 per share). **Proceeds**—To selling stockholder. **Office**—10 So. LaSalle St., Chicago, Ill. **Underwriter**—Cruttenden & Co., Chicago, Ill.

Santa Fe Uranium & Oil Co., Inc.
May 26 (letter of notification) 2,959,500 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For mining operations. **Office**—416 Independence Bldg., Colorado Springs, Colo. **Underwriter**—Columbia Securities Co., Denver, Colo.

● **Savoy Oil Co., Inc., Tulsa, Okla. (7/29)**
July 8 (letter of notification) 20,000 shares of common stock (par 25 cents) to be offered for subscription by stockholders of record July 29 on a 1-for-13 basis; rights to expire on Aug. 15. **Price**—$7 per share. **Proceeds**—For exploration, development and acquisition of properties. **Office**—417 McBurney Bldg., Tulsa, Okla. **Underwriter**—None.

Saxon Uranium Mines Ltd., Toronto, Canada
April 29 filed 1,500,000 shares of common stock (par $1). **Price**—40 cents per share. **Proceeds** — For exploration and working capital; also to repay advances and other liabilities. **Underwriter** — Degaetano Securities Corp., New York. Statement effective July 6.

● **Scudder Fund of Canada, Ltd. (8/3-4)**
July 14 filed 250,000 additional shares of common stock (par $1). **Price** — At to be supplied by amendment. **Proceeds** — For investment. **Underwriter** — Lehman Brothers, New York.

Shoni Uranium Corp., Riverton, Wyo.
April 21 (letter of notification) 2,000,000 shares of common stock (par one cent). **Price** — 15 cents per share. **Proceeds** — For mining expenses. **Address** — Box 489, Riverton, Wyo. **Underwriter** — Melvin F. Schroeder, Denver, Colo.

Shumway Uranium, Inc., Moab, Utah
June 20 (letter of notification) 1,200,000 shares of common stock (par one cent). **Price**—25 cents per share. **Proceeds**—For mining expenses. **Office** — 6 Kirby St., Moab, Utah. **Underwriter**—Skyline Securities Inc., Denver, Colo.

Siboney Development & Exploration Co., Tulsa, Okla. (8/1-5)
June 27 filed 2,000,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—For geological and geophysical surveys and for drilling of exploratory wells. **Underwriter**—Dempsey-Tegeler & Co., St. Louis, Mo.

Silvaire Aircraft & Uranium Co.
June 17 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price** — 10 cents per share). **Proceeds**—For mining operations. **Office**—Fort Collins, Colo. **Underwriter**—Carroll, Kirchner & Jaquith, Inc., Denver, Colo.

Smith-Dieterich Corp.
July 12 (letter of notification) 8,677 shares of capital stock (par $2.50) to be offered for subscription by stockholders on basis of one new share for each 10 shares held. **Price**—$5.50 per share. **Proceeds**—To obtain additional patents; to repay certain loans; and working capital. **Business**—Photographic equipment. **Office**—50 Church St., New York. **Underwriter**—None.

Sonoma Quicksilver Mines, Inc.
April 27 filed 800,000 shares of capital stock (par 10 cents), of which 80,000 shares are to be initially offered to public. **Price**—To be fixed on the basis of the market value at the time of their first sale or $1 per share, which ever is lower. **Purpose** — To increase facilities and invest in other quicksilver properties; and for working capital. **Office**—San Francisco, Calif. **Underwriter**—Norman R. Whittall, Ltd., Vancouver, B. C., Canada.

Southeastern Telephone Co. (8/4)
July 15 filed 50,000 shares of common stock (par $10). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—Scott, Horner & Mason, Inc., Lynchburg, Va.

Stancan Uranium Corp., Toronto, Canada
April 18 filed 200,000 shares of cumulative convertible preferred stock, series A (par one cent). **Price**—To be supplied by amendment. **Proceeds**—For exploration and development expenses and for general corporate purposes. **Underwriters**—Gearhart & Otis, Inc. and F. H. Crerie & Co., Inc., both of New York.

Strevell-Paterson Finance Co.
June 16 (letter of notification) 352,000 shares of common stock (par 50 cents) to be offered for subscription by stockholders at 70 cents per share; unsubscribed shares to be publicly offered at $85 per 100 shares. **Proceeds**—For working capital. **Office**—76 West Sixth South St.,

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Salt Lake City, Utah. **Underwriter**—Harrison S. Brothers & Co., same city.

● Sun Hotel, Inc., Las Vegas, Nev. (7/29-8/1)
Feb. 16 filed (as amended) 3,750,000 shares of common stock (par one cent). **Price**—$2.50 per share. **Proceeds**—To construct hotel and for working capital. **Underwriters**—Golden-Dersch & Co., Inc., New York; and Coombs & Co. of Las Vegas, Inc., Las Vegas, Nev.

★ Sunland Farms, Inc., Las Vegas, Nev.
July 15 (letter of notification) 300,000 shares of non-assessable capital stock. **Price**—At par ($1 per share). **Proceeds** — For balance due on property, construction expense and operating capital and reserve. **Office**—425 Fremont St., Las Vegas, Nev. **Underwriter**—None.

Super-Seal Piston Ring Corp., Brownwood, Tex.
June 3 (letter of notification) 575,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—For machinery and working capital. **Office**—1812 Belle Plain Ave., Brownwood, Texas. **Underwriter**—Great Southwest Securities Co.

Tasha Oil & Uranium Co., Denver, Colo.
May 11 (letter of notification) 6,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining operations. **Office**—1890 S. Pearl St., Denver, Colo. **Underwriter** — Carroll, Kirchner & Jaquith, Inc., same city.

★ Teenager Cosmetics, Inc., Las Vegas, Nev.
July 18 (letter of notification) 287,000 shares of common stock. **Price**—At par ($1 per share) in units of 100 shares each. **Proceeds**—For current liabilities, overhead and operational expense, advertising, research, development and manufacturing. **Office**—221 West Charleston Blvd., Las Vegas, Nev. **Underwriter**—Utah Uranium Brokers, Las Vegas, Nev.

● TelAutograph Corp., Los Angeles, Calif.
July 1 filed $2,396,500 of 4¾% convertible subordinated debentures due July 15, 1965, being offered for subscription by common stockholders of record July 27, 1955 on the basis of $500 of debentures for each 50 shares of stock held; rights to expire on Aug. 15. **Price**—At par (in denominations of $500 and $1,000 each). **Proceeds**—To retire outstanding loans from Commercial Credit Corp.; to purchase additional stock of Nuclear Consultants, Inc.; for expansion of present merchandising activities; and for general corporate purposes. **Underwriter**—None.

Tel-Instrument Electronics Corp.
June 28 (letter of notification) 199,999 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—For acquisitions and working capital. **Office**—728 Garden St., Carlstadt, N. J. **Underwriter**—Batkin & Co., New York, N. Y.

● Tennessee Life & Service Insurance Co. (8/1)
June 20 (letter of notification) 9,200 shares of common stock (par $5) to be offered for subscription by stockholders. **Price**—$30 per share. **Proceeds**—To increase working capital for agency expansion. **Office** — 1409 Magnolia Ave., Knoxville, Tenn. **Underwriter**—Jesse C. Bowling, 16 M Street, Bedford, Ind.

★ Texas Eastern Transmission Corp.
July 25 filed 275,908 shares of common stock (par $7) to be offered in exchange for shares of capital stock of Texas Eastern Production Corp. in the ratio of one share of Transmission stock for each 2.6 shares of Production stock. The offer is contingent upon the tender of at least 263,402 shares of Production Company so that Transmission will thereafter own 80% or more of Production capital stock.

Texas Toy Co., Houston, Texas
July 8 (letter of notification) 300,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For payment of accounts payable of operating company; expansion and working capital. **Office**—2514 McKinney Ave., Houston, Texas. **Underwriter**—Ray Johnson & Co., Inc., Houston.

Texas Western Oil & Uranium Co., Denver, Colo.
June 15 (letter of notification) 5,960,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining expenses. **Office** — 407 Denver National Bldg., Denver, Colo. **Underwriter**—Floyd Koster & Co., same address.

Texboard, Inc., Dallas, Texas
Jan. 17 filed $1,500,000 of 6% series A debentures due serially from Feb. 1, 1957 to Aug. 1, 1961, and $1,000,000 of 6% series B convertible debentures due serially from Feb. 1, 1962 to Aug. 1, 1966. Price—To be supplied by amendment. Proceeds—To construct and operate a manufacturing plant near Orange, Tex., for the purpose of manufacturing insulation building products. Underwriter—None. C. F. McDougal of Dallas, Tex., is President.

Thomas Industries, Inc. (8/2)
July 11 filed 140,000 shares of class A common stock (par $1), of which 75,000 shares are to be offered for account of the company and up to 65,000 shares for account of 24 seling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For expansion program and general corporate purposes. **Office**—Fort Atkinson, Wis. **Underwriters**—Kidder, Peabody & Co. and McCormick & Co., both of Chicago.

Thompson (H. I.) Fiber Glass Co.
July 8 (letter of notification) 4,470 shares of common stock (par $1). **Price**—$11 at market (estimated at $11 per share). **Proceeds**—To Harry I. Thompson, President. **Office**—1733 Cordova St, Los Angeles, Calif. **Underwriter**—Shearson, Hammill & Co., New York, N. Y.; and First California Co., Inc., San Francisco, Calif.

Thunderbird Uranium Corp., Albuquerque, New Mexico
June 9 (letter of notification) 3,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—915 Simms Bldg., Albuquerque, N. M. **Underwriter**—Hicks, Newton & Co., Inc., Denver, Colo.

Trans-National Uranium & Oil Corp. (8/15)
July 1 filed 2,000,000 shares of common stock (par 20 cents). **Price**—To be supplied by amendment (expected at $1.50 per share). **Proceeds**—To acquire part of properties presently subject to option in favor of company, and for expenses incident to mining and oil activies. **Office** — Dallas, Tex. **Underwriter** — Garrett Brothers, Inc., Dallas, Tex.

Triangle Mines, Inc., Salt Lake City, Utah
May 3 (letter of notification) 100,000 shares of common stock. **Price**—At par (50 cents per share). **Proceeds**—For mining operations. **Office** — 506 Judge Bldg., Salt Lake City, Utah. **Underwriter** — Lewellen-Bybee Co., Washington, D. C.

Tri-State Natural Gas Co., Tucson, Ariz.
July 6 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—For expenses incident to oil and gas activities. **Office**—15 Washington St., Tucson, Ariz. **Underwriter**—Frank L. Edenfield & Co., Miami, Fla.

Tungsten Mountain Mining Co., Fallon, Nev.
June 8 (letter of notification) 149,800 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—For mining operations. **Address** — P. O. Box 456, Fallon, Churchill County, Nev. **Underwriter**—H. P. Pratt & Co., Seattle, Wash.

Turner Uranium Corp.
April 1 (letter of notification) 2,000,000 shares of common stock (par 2½ cents). **Price**—10 cents per share. **Proceeds** — For mining operations. **Office** — 130 Social Hall Avenue, Salt Lake City, Utah. **Underwriter**—Melvin G. Flegal & Co., same city.

Two Jay Uranium Co., Salt Lake City, Utah
May 16 (letter of notification) 3,000,000 shares of common stock (par three cents). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—32 Exchange Place, Salt Lake City, Utah. **Underwriter** — Western States Investment Co., Tulsa, Okla.

Ucon Uranium Corp., Salt Lake City, Utah
June 2 (letter of notification) 5,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining costs. **Office**—406 Judge Building, Salt Lake City, Utah. **Underwriter**—Empire Securities Corp., Las Vegas, Nev.

U-Kan Uranium & Oil Co., Salt Lake City, Utah
May 5 (letter of notification) 260,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For mining expenses. **Office** — Judge Bldg., Salt Lake City, Utah. **Underwriter** — Northern Securities, Inc., Seattle, Wash.

United American Investment Co., Atlanta, Ga.
July 19 filed 3,500,000 shares of common stock no par. **Price**—$2 per share. **Proceeds**—For organization of two wholly-owned insurance compaies, to be named United American Life Insurance Co. and Tourists Indemnity Co.; balance to be used to engage in mortgage loan business and related fields. **Underwriter**—None.

★ United Funds Canada, Ltd.
July 21 filed (by amendment) an additional 500,000 shares of common stock. **Price**—At market. **Proceeds**—For investment.

Universal Service Corp., Inc., Houston, Texas
July 8 filed 500,000 shares of common stock (par two mills). **Price**—$2.50 per share. **Proceeds**—For equipment, mining costs, oil and gas development, and other corporate purposes. **Underwriter**—None.

Uranium Prince Mining Co., Wallace, Ida.
April 18 (letter of notification) 1,750,000 shares of common stock. **Price** — 10 cents per share. **Proceeds**—For mining operations. **Address** — Box 709, Wallace, Ida. **Underwriter**—Wallace Brokerage Co., same city.

Uranium Properties, Ltd., Virginia City, Nev.
June 13 filed $600,000 of Grubstake Loans to be offered in amounts of $25 or multiple thereof. **Proceeds**—75% to be invested in U. S. Savings bonds and the balance for equipment and exploration and development expenses. **Underwriter**—None.

Uranium Technicians Corp., Salt Lake City, Utah
June 30 (letter of notification) 30,000,000 shares of common stock (no par). **Price**—One cent per share. **Proceeds** — For mining activities. **Office** — 1101 South State St., Salt Lake City, Utah. **Underwriter**—Anderson-Hackett Investment Co., same city.

USeven Corp., Stockton, N. J.
June 28 (letter of notification) 1,000,000 shares of common stock (par one cent). **Price**—25 cents per share. **Proceeds** — For equipment, drilling costs, and working capital. **Business**—To explore, develop and operate uranium mining properties. **Address**—P. O. Box 99, Stockton, N. J. **Underwriter**—None.

★ Utah Power & Light Co. (9/13)
July 26 filed $15,000,000 of first mortgage bonds due 1985. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Union Securities Corp. and Smith, Barney & Co. (jointly); Kidder, Peabody & Co.; Salomon Bros. & Hutzler; White, Weld & Co. and Stone & Webster Securities Corp. (jointly); The First Boston Corp.; Lehman Brothers and Bear, Stearns & Co. (jointly). **Bids**—To be received Sept. 13.

★ Utah Power & Light Co. (9/13)
July 26 filed 177,500 shares of common stock (no par). **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Lehman Brothers; Union Securities Corp. and Smith, Barney & Co. (jointly); Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Blyth & Co., Inc.; The First Boston Corp. **Bids**—To be received on Sept. 13.

Utah Southern Uranium Co., Las Vegas, Nev.
June 6 (letter of notification) 3,000,000 shares of capital stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—210 N. Third St., Las Vegas, Nev. **Underwriter**—Lester L. LaFortune, same city.

Utore Uranium & Diata, Inc., Vale, Ore.
July 8 (letter of notification) 10,000,000 shares of common stock (par one cent). **Price**—Two cents per share. **Proceeds**—Expenses incident to mining operations. **Office**—Lytle Building, Vale, Ore. **Underwriter**—Hansen Uranium Brokerage, Salt Lake City, Utah.

Vactron Corp.
May 13 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To manufacture, process, rebulid and market television pictures tubes, etc. **Underwriter** — Zone Investments Co., Fort Worth, Texas.

Vanura Uranium, Inc., Salt Lake City, Utah
June 16 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds** — For mining expenses. **Underwriter** — I. J. Schenin & Co., New York. **Name Change**—The company was formerly known as San Miguel Uranium, Inc.

Vas Uranium & Drilling Co., Monticello, Utah
June 20 (letter of notification) 2,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining operations. **Underwriter**—Skyline Securities Inc., Denver, Colo.

Wabash Uranium Corp., Moab, Utah
June 10 (letter of notification) 10,000,000 shares of capital stock. **Price**—At par (three cents per share). **Proceeds**—For mining expenses. **Underwriter**—Moab Brokerage Co. and National Securities, Inc., 368 South State St., Salt Lake City, Utah.

Warwick Hotel Associates, New York
June 22 filed $4,250,000 of participations in partnership interest in Associates in minimum amount of $10,000. **Proceeds** — To pay part of purchase price of Warwick Hotel, Philadelphia, Pa., and related expenses. **Underwriter**—None.

Washington Plywood Co., Inc., Lowell, Wash.
June 13 filed 296 shares of common stock (par $5,000). **Proceeds**—To purchase plywood mill of Walton Plywood Co., Inc., etc. **Underwriter**—Albert Walter Braedt.

Welch Industries, Inc., Houston, Texas
June 23, letter of notification)) 150,000 shares of common stock (par 50 cents). **Price**—$2 per share. **Proceeds**—For erection of plant, machinery and working capital. **Office**—427 Lovett Blvd., Houston, Tex. **Underwriter**—Warren Clark & Co., same city.

Western Nebraska Oil & Uranium Co., Inc. (8/8-12)
April 4 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price—$1.50** per share. **Proceeds**—For exploration and development costs and working capital. **Office**—924 Broadway, Denver, Colo. **Underwriter**—Israel & Co., New York.

● Western Union Telegraph Co.
June 30 filed 1,036,052 shares of common stock (par $2.50) being offered for subscription by stockholders of record July 22 on the basis of one new share for each five shares held; rights to expire on Aug. 8, 1955. **Price**—$20 per share. **Proceeds** — For construction program. **Underwriters** — Kuhn, Loeb & Co.; Lehman Brothers; Clark, Dodge & Co.; and Salomon Bros. & Hutzler, all of New York City.

Wet Mountain Mining, Inc.
June 29 (letter of notification) 6,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds** — For mining activities. **Office** — 105½ East Pikes Peak, Colorado Springs, Colo. **Underwriter** — Hicks, Newton & Co., Inc., Denver, Colo.

White Horse Uranium, Inc., Salt Lake City, Utah
June 9 (letter of notification) 2,900,000 shares of capital stock (par 2½ cents). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—1030 South Sixth West St., Salt Lake City, Utah. **Underwriter**—J. W. Hicks & Co., Inc., Denver, Colo.

Wicker-Baldwin Uranium Mining Co.
May 26 (letter of notification) 900,000 shares of common stock. **Price**—At par (25 cents per share). **Proceeds**—For mining expenses. **Office**—616 Sixth St., Rapid City, S. D. **Underwriter**—Driscoll-Hanson, Inc., same city.

Wizard Boats, Inc., Costa Mesa, Calif.
June 30 (letter of nottification) 120,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For expansion and working capital. **Underwriter**—Neary, Purcell & Co., Los Angeles, Calif.

Wyco Uranium, Inc., Salt Lake City, Utah
April 7 (letter of notification) 2,900,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For mining expenses. **Office**—429 Ness Bldg., Salt Lake City, Utah. **Underwriter** — Rocky Mountain

Wyoming Uranium Corp., Salt Lake City, Utah
April 22 (letter of notification) 833,333 shares of common stock (par one cent). **Price**—3½ cents per share. **Proceeds**—For mining expenses. **Office**—522 Felt Bldg., Salt Lake City, Utah. **Underwriter**—James E. Reed & Co., Salt Lake City, Utah; and Coombs & Co., of Washington, D. C.

York Oil & Uranium Co.
June 3 (letter of notification) 10,000,000 shares of capital stock. **Price**—At par (two cents per share). **Proceeds**—For mining and oil activities. **Address**—P. O. Box 348, Newcastle, Wyo. **Underwriter**—Empire Securities Corp., Salt Lake City, Utah.

Prospective Offerings

American Enka Corp.
July 20, John E. Bassill, President, announces that the corporation proposes to raise approximately $11,000,000 through the sale of additional common stock (par $5) to present common stockholders. Stockholders will vote Aug. 9 on increasing the authorized common stock from 1,200,000 shares (1,117,650 shares outstanding) to 1,600,000 shares. **Proceeds**—For construction of a new $21,000,000 rayon staple fiber plant. **Underwriter**—Harriman Ripley & Co. Inc., New York. **Offering**—Expected sometime during the latter part of August. **Registration**—To be made shortly with SEC.

American Telephone & Telegraph Co.
April 20 stockholders approved a new issue of not to exceed $650,000,000 convertible debentures. When issued, each stockholder would receive rights to purchase the debentures in proportion to his holdings of stock (probably on the basis of $100 of debentures for each eight share of stock held). **Underwriter**—None. **Offering**—Probably in September or October.

Arkansas Power & Light Co. (10/25)
May 27 it was reported company plans to issue and sell about 80,000 shares of cumulative preferred stock (par $100). **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Lehman Brothers; Blyth & Co., Inc. and Smith, Barney & Co. (jointly); Equitable Securities Corp. and Union Securities Corp. (jointly); White, Weld & Co. **Bids**—Expected to be received on Oct. 25.

Bangor & Aroostook RR.
July 14 it was announced company has applied to the ICC for exemption from competitive bidding of an issue of $4,000,000 income debentures. **Proceeds** — To redeem 38,280 shares of outstanding $5 cumulative preferred stock.

Blackhawk Fire & Casualty Insurance Co.
April 5 it was reported company plans to issue and sell 200,000 shares of common stock. **Price**—Expected at $5 per share. **Proceeds**—To acquire Blackhawk Mutual Insurance Co., Rockford, Ill. **Underwriter** — Arthur M. Krensky & Co., Inc., Chicago, Ill.

Bliss (E. W.) Co.
April 26 stockholders increased the authorized common stock (par $1) from 1,000,000 shares to 1,500,000 shares. **Underwriter**—Previous financing was handled by Allen & Co., New York.

Camden Trust Co., Camden, N. J.
June 29 it was announced Bank plans to offer to its stockholders the right to subscribe for 72,500 additional shares of capital stock (par $5), with a 13-day standby. **Underwriter**—Price & Co., Inc., Camden, N. J. **Meeting**—Stockholders on July 29 will vote on approving financing and merger with Bank of Oaklyn National Bank.

Cavendish Uranium Mines Corp.
April 19 it was announced company plans issue and sale of a debenture issue of several million dollars. **Proceeds**—For a concentrating mill, mining equipment and for underground development. **Underwriter**—James Anthony Securities Corp., New York.

Central Maine Power Co.
Dec. 31, W. F. Wyman, President, stated that company plans to issue and sell some additional common stock, par $10 (probably to stockholders) in the latter part of 1955. **Proceeds**—For construction program. **Underwriter**—May be determined by competitive bidding. Probable bidders: The First Boston Corp. and Coffin & Burr, Inc. (jointly); Harriman Ripley & Co. Inc.; Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly). **Meeting**—Stockholders on May 11 voted to increase the authorized common stock from 3,250,000 to 3,500,000 shares. **Offering**—Probably in September.

● **Chicago, Milwaukee, St. Paul & Pacific RR.**
July 13 stockholders approved the creation of an issue of $60,000,000 5% income debentures, series A, to be offered in exchange for 600,000 shares of outstanding preferred stock, series A, on a par for par basis; offer to commence Aug. 1 and will run through Aug. 31. **Dealer-Manager** — Merrill Lynch, Pierce, Fenner & Beane, New York.

★ **Columbia Gas System, Inc. (9/21)**
July 25 it was reported company plans to issue and sell $40,000,000 of debentures due 1980. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders— Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids** — Planned for Sept. 21. **Registration**—Expected on Aug. 25.

Commonwealth Edison Co.
Jan. 24, Willis Gale, Chairman, announced it should be Fall before the company undertakes its next financing. **Proceeds**—For new construction, which, it is estimated, will cost about $125,000,0000 in 1955. **Underwriters**—For last equity financing were The First Boston Corp. and Glore, Forgan & Co.

Consolidated Edison Co. of New York, Inc.
June 14 it was announced company expects to sell from $40,000,000 to $50,000,000 bonds some time during the current year. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp.

Consolidated Uranium Mines, Inc.
July 23, 1954, stockholders authorized issuance and sale of not to exceed $6,000,000 convertible debenture bonds in connection with the acquisition of Uranium Mines of America, Inc. stock. Public offering of $2,000,000 bonds expected early in 1955. **Underwriter** — Tellier & Co., Jersey City, N. J.

Continental Aviation & Engineering Co.
June 13 it was reported company plans sale in near future of $2,000,000 convertible debentures. **Underwriter**—Van Alstyne, Noel & Co., New York.

Continental Can Co., Inc.
April 18, preferred stockholders approved creation of not to exceed an additional $25,000,000 of debentures or other indebtedness maturing later than one year after the date thereof. The company has no present plans for making any additional borrowings. **Underwriters**—Goldman, Sachs & Co. and Lehman Brothers, both of New York.

Daitch Crystal Dairies, Inc.
April 28 stockholders approved a proposal to increase the authorized common stock (par $1) from 500,000 shares to 1,000,000 shares to provide for future financing and expansion. **Underwriter**—Hirsch & Co., New York.

Denver National Bank, Denver, Colo.
June 30 it was announced that company plans to offer to its stockholders the right to subscribe for 50,000 additional shares of capital stock (par $10) on the basis of one new share for each four shares held. **Price**—$30 per share. **Proceeds**—To increase capital and surplus. **Meeting**—Stockholders to vote July 28 on approving financing and 25% stock dividend.

Detroit Edison Co.
May 2 stockholders approved a proposal authorizing about $60,000,000 of convertible debentures. Previous offer of convertible debentures was made to stockholders without underwriting.

Doman Helicopters, Inc.
Feb. 17 Donald S. B. Waters, President, announced stockholders voted to increase authorized capital stock from 1,000,000 shares to 3,000,000 shares in anticipation of expansion of the company's activities. **Underwriter**—Previous financing handled by Greene & Co., New York.

Essex County Electric Co.
July 18 it was reported company plans to issue and sell some additional first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Blair & Co. Incorporated. **Offering**—Expected this Fall.

First National Bank of Arizona
July 1 stockholders of record June 29 were offered the right to subscribe on or before July 29 for 160,000 shares of capital stock (par $10) at the rate of one new share for each three shares held. **Price**—$30 per share. **Proceeds**—To increase capital and surplus.

Florida Power Corp.
April 14 it was announced company may issue and sell between $10,000,000 and $12,000,000 of first mortgage bonds. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Lehman Brothers and Blyth & Co., Inc. (jointly); Glore, Forgan & Co.; and The First Boston Corp. **Offering**—Expected late in 1955 or early 1956.

Ford Motor Co., Detroit, Mich.
March 15 it was reported that following a probable 10-for-1 stock split, an offering of approximately 4,000,000 new shares will be made to the public. **Price**—Expected to be around $60 per share. **Proceeds** — To the Ford Foundation. **Offering**—Probably not until "latter part of 1955, if then."

Gulf States Utilities Co.
May 16 it was reported company may issue and sell $10,000,000 first mortgage bonds if market conditions permit. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Salomon Bros. & Hutzler and Union Securities Corp. (jointly); Kuhn, Loeb & Co. and A. C. Allyn & Co., Inc. (jointly); Lee Higginson Corp. and Carl M. Loeb, Rhoades & Co. (jointly); Stone & Webster Securities Corp.

Hammermill Paper Co.
May 10 stockholders approved a proposal on increasing the debt authority to $20,000,000. **Underwriter**—A. G. Becker & Co. (Inc.), Chicago, Ill.

Heller (Walter E.) & Co.
July 18 it was reported that the company may be considering some new financing. **Underwriter**—F. Eberstadt & Co. Inc., New York.

Housatonic Public Service Corp. (9/5)
June 20 it was reported company plans to issue and sell 14,817 additional shares of common stock (par $15) to common stockholders of record Sept. 5 on the basis of one new share for each 25 shares held; rights to expire on Sept. 26. **Price**—$22 per share. **Proceeds**—For construction program. **Underwriter**—None. Unsubscribed shares to be sold to highest bidder.

Hupp Corp.
May 13 stockholders approved a proposal increasing the authorized capital stock from 3,000,000 to 4,200,000 shares (200,000 of such increased shares shall be (new) serial preferred stock, $50 par value and 1,000,000 shares shall be common stock, $1 par value); also waiving of preemptive rights to such increased shares.

International Bank, Washington, D. C.
April 25 it was announced company, in addition to placing privately an issue of $500,000 convertible debentures, will offer additional convertible debentures to shareholders, the latter probably sometime in the Autumn of this year. **Office** — 726 Jackson Place, N. W., Washington, D. C. **Business**—Industrial merchant bankers.

International Oil & Metals Corp., Seattle, Wash.
May 23 it was reported company may do some financing some time in the future. William D. Bost of Whitcomb & Co., New York, is Chairman of the Board.

International Resources Fund, Inc.
July 20 it was announced this company will be formed to specialize in worldwide investment in the field of natural resources companies. An offering of stock is planned in the Fall of this year. **Investment Adviser**—Capital Research & Management Co., Los Angeles, Calif. **Underwriter**—Kidder, Peabody & Co., New York.

Isthmus Sulphur Co. (Texas)
March 30 it was reported early registration is planned of an undertermined number of common shares. **Underwriters**—L. D. Sherman & Co., New York, and Garrett & Co., Dallas, Tex.; and others.

Kaiser Aluminum & Chemical Corp.
July 11 it was reported that company is understood to be contemplating the sale to the public of 700,000 shares of sinking fund preferred stock this Fall and private debt financing of about $40,000,000. Stockholders will vote Aug. 12 on approving an increase in the authorized preferred stock from 700,000 to 1,500,000 shares. **Proceeds**—For expansion program and working capital. **Underwriters**—The First Boston Corp., New York; and Dean Witter & Co., San Francisco, Calif.

Keystone Wholesale Hardware Co., Atlanta, Ga.
Jan. 27 it was stated that the company plans at a later date to offer additional shares for sale nationally. An offering of 16,666 shares of common stock was recently made to residents of Georgia only at $3 per share. **Office**—517 Stephens St., S.W., Atlanta, Ga.

★ **Kwikset Lock, Inc., Anaheim, Calif.**
July 20 it was reported a secondary offering of about 20,000 shares of common stock is expected momentarily. **Price**—Expected around $16.75 per share. **Underwriter**—Rodman & Renshaw, Chicago, Ill.

Lithium Developments, Inc., Cleveland, Ohio
June 9 it was announced that company plans soon to file a registration statement with the SEC covering a proposed issue of 600,000 shares of common stock. **Proceeds**—For general corporate purposes. **Underwriter**—George A. Searight, New York, will head group.

Long Island Lighting Co.
April 23 it was announced company plans to sell an issue of $15,000,000 first mortgage bonds, series H, due 1985. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders—Halsey, Stuart & Co. Inc.; The First Boston Corp. and Blyth & Co., Inc. (jointly); W. C. Langley & Co.; Smith, Barney & Co.; Baxter, Williams & Co. **Offering**—Expected late in 1955.

Lucky Stores, Inc.
April 20 stockholders approved a proposal to increase the authorized common stock (par $1.25) from 1,000,000 shares to 2,000,000 shares (there are 804,063 shares outstanding). It was reported previously that the company proposed to raise approximately $1,500,000 through the sale of 150,000 shares. However, no immediate financing is planned. **Underwriter**—Probably Blair & Co. Incorporated, New York.

Maine Central RR.
Feb. 14, E. Spencer Miller, President, said company has not given up the idea of refunding the $17,000,000 5⅛% first mortgage and collateral trust bonds due 1978. Probable bidders for new bonds may include Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; W. C. Langley & Co.; Coffin & Burr, Inc.; The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane; Blyth & Co., Inc.; Glore, Forgan & Co.

Majestic Auto Club, Inc.
Aug. 25 it was announced company plans to offer 500,000 shares (par five cents) to the motorist and general public shortly after completion of the current offering of 100,000 shares to service station owners and operators. **Office**—Room 717, 141 Broadway, New York 6, N. Y.

★ **Mississippi Valley Gas Co. (8/19)**
July 25 it was reported early registration is expected of about $2,000,000 of convertible debentures which are to be offered for subscription by stockholders about Aug. 19 to Sept. 8. Private sale of about $12,000,000 of first mortgage bonds also expected. **Underwriter**—Equitable Securities Corp., Nashville, Tenn.

● **Mountain States Telephone & Telegraph Co. (10/1)**
July 19 directors authorized an offering to stockholders of 486,881 additional shares of capital stock on basis of one new share for each five shares held as of Sept. 27; rights to expire on Oct. 28. Warrants will be mailed on Oct. 1. **Price**—At par ($100 per share). **Control**—American Telephone & Telegraph Co. owns about 86.7% of the presently outstanding common stock. **Underwriter** — None.

Murphy (G. C.) Co., McKeesport, Pa.
April 12 stockholders approved a proposal to increase the authorized limit of indebtedness from $3,000,000 to $20,000,000. **Proceeds**—For expansion program. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, New York, handled preferred stock financing in 1942.

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New Haven Clock & Watch Co.
June 7 it was announced that in connection with its proposed plan of recapitalization to be voted upon July 26, the company plans to raise not less than $300,000 of new capital. **Underwriter**—Probably Reynolds & Co., New York.

New Orleans Public Service Inc.
Feb. 4 it was announced that company plans this year to issue some first mortgage bonds due 1985. **Underwriter**—To be determined by competitive bidding. **Probable bidders:** Halsey, Stuart & Co. Inc.; White, Weld & Co.; Blair & Co. Incorporated; The First Boston Corp.; Equitable Securities Corp. and Union Securities Corp. (jointly); Kuhn, Loeb & Co. and A. C. Allyn & Co. Inc. (jointly); Kidder, Peabody & Co. and Stone & Webster Securities Corp. (jointly); and Lehman Brothers.

New York State Electric & Gas Corp. (10/19)
July 8 it was announced company plans to issue and sell $25,000,000 of first mortgage bonds due 1985. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; Harriman Ripley & Co. Inc.; The First Boston Corp. and Glore, Forgan & Co. (jointly); Blyth & Co., Inc. and Smith, Barney & Co. (jointly); **Bids**—Expected to be received on Oct. 19.

New York Telephone Co.
Jan. 17, Keith S. McHugh, President, announced that the company will have to raise more than $100,000,000 of new capital money to aid in carrying out its expansion and improvement program which will cost approximately $200,000,000. Underwriter—For and bonds, to be determined by competitive bidding. Probable bidders: Morgan Stanley & Co.; Halsey, Stuart & Co. Inc.

Northern Illinois Gas Co.
June 14, Marvin Chandler, President, announced that the company plans to spend $60,000,000 on new construction through 1958, and that about $25,000,000 would be raised through the sale of bonds in the period. **Underwriters**—The First Boston Corp., Halsey, Stuart & Co. Inc. and Glore, Forgan & Co.

Northern States Power Co. (Minn.)
March 29 it was announced that new capital requirements for 1955 will approximate $31,000,000. Present plans contemplate these funds will be obtained temporarily from short-term bank loans to be repaid from proceeds of the sale of additional bonds late in 1955 or early 1956. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. and The First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly); Equitable Securities Corp. and Union Securities Corp. (jointly); Smith, Barney & Co.; Lehman Brothers and Riter & Co. (jointly); Glore, Forgan & Co.

Nuclear-Electronics Corp.
June 28, it was announced that it is planned, following proposed merger into company of Olympic Radio & Television, Inc., and Victoreen Instrument Co., to issue and sell $2,560,000 of debentures. **Underwriters**—Van Alstyne, Noel & Co. and Barrett Herrick & Co., Inc., both of New York. **Meeting** — Stockholders to vote on merger in August, 1955.

Ohio Power Co. (9/20)
June 20 it was reported company plans to issue and sell 60,000 shares of cumulative preferred stock (par $100). **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc.; Lehman Brothers; Kuhn, Loeb & Co.; Harriman Ripley & Co., Inc. and Stone & Webster Securities Corp. (jointly); The First Boston Corp.; Union Securities Corp. and Salomon Bros. & Hutzler (jointly). **Registration**—Planned for Aug. 17. **Bids**—Expected to be received up to 11 a.m. (EDT) on Sept. 20.

Ohio Power Co. (9/20)
July 18 it was reported company now plans to issue and sell $17,000,000 of first mortgage bonds due 1985. **Proceeds**—To retire bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Harriman Ripley & Co. Inc. and Stone & Webster Securities Corp. (jointly); Kuhn, Loeb & Co.; Blyth & Co., Inc.; Union Securities Corp. and Salomon Bros & Hutzler (jointly); The First Boston Corp. **Registration**—Planned for Aug. 17. **Bids**—Expected to be received up to 11 a.m. (EDT, on Sept. 20.

Ohio Water Service Co.
March 28 it was reported company plans to issue and sell $1,000,000 of first mortgage bonds and $300,000 of additional common stock (the latter to stockholders) in near future. Proceeds—To retire bank loans and reimburse the company's treasury for construction expenditures.

Pacific Power & Light Co. (9/27)
July 6 it was reported company plans to issue and sell $10,000,000 of first mortgage bonds due 1985. **Underwriter**—To be determined by competitive bidding. Probable bidders—Halsey, Stuart & Co. Inc.; Union Securities Corp. and Kidder, Peabody & Co., (jointly); Lehman Brothers, Bear, Stearns & Co. and Salomon Bros. & Hutzler (jointly); Blyth & Co., Inc. and White, Weld & Co. (jointly). **Bids**—Tentatively planned to be received up to noon (EDT) on Sept. 27. **Registration**—Expected on or about Aug. 24.

Pacific Power & Light Co. (10/5)
July 5 it was reported company plans to issue and sell 30,000 shares of cumulative preferred stock (par $100). **Underwriter**—Expected to be local dealers. **Registration**—Expected on Aug. 24.

● **Pacific Telephone & Telegraph Co.**
June 21 it was announced company plans to offer to its preferred and common stockholders in September 1,-339,196 additional shares of common stock on a 1-for-6 basis. (American Telephone & Telegraph Co., the parent, owns a majority of the common and preferred stocks presently outstanding.) **Price**—At par ($100 per share). **Proceeds**—To repay bank loans and for new construction. **Underwriter**—None.

● **Pacific Telephone & Telegraph Co. (8/23)**
June 21 it was announced company plans to issue and sell $67,000,000 of 36-year debentures due 1991. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; White, Weld & Co., Lehman Brothers and Union Securities Corp. (jointly). **Registration**—Planned for the latter part of July. **Bids**—Expected to be opened Aug. 23.

Pennsylvania Electric Co.
Feb. 15 it was reported company plans to issue and sell later this year $9,300,000 of first mortgage bonds. **Proceeds—To repay bank loans and for new construction. Underwriter**—To be determined by competitive bidding. **probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kuhn, Loeb & Co.; Kidder, Peabody & Co.; Equitable Securities Corp.; Harriman Ripley & Co., Inc.**

Pennsylvania Electric Co.
Feb. 21 it was reported company proposes issuance and sale of $7,500,000 of preferred stock later this year. Proceeds—For construction program. Underwriter—To be determined by competitive bidding. Probable bidders: Kuhn, Loeb & Co.; W. C. Langley & Co. and Glore, Forgan & Co. (jointly); Kidder, Peabody & Co.; The First Boston Corp.; Smith, Barney & Co.; Harriman Ripley & Co. Inc.

Pennsylvania Power & Light Co.
April 19, Charles E. Oakes, President, announced that company plans this year to issue and sell $15,000,000 of first mortgage bonds and use the proceeds for its construction program. Previous bond financing was arranged privately through Drexel & Co. and The First Boston Corp.

Public Service Electric & Gas Co. (10/4)
July 11 it was reported company plans to issue and sell $35,000,000 of debentures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co. and Lehman Brothers (jointly), Morgan Stanley & Co. and Drexel & Co. (jointly); The First Boston Corp. **Bids**—Expected to be received up to 11 a.m. (EST) on Oct. 4.

Public Service Electric & Gas Co.
July 11 it was stated that company may issue and sell late in September 250,000 shares of cumulative preferred stock (par $100). **Underwriters**—May be Morgan Stanley & Co., Drexel & Co. and Glore, Forgan & Co.

Puget Sound Power & Light Co.
April 5, Frank McLaughlin, President, said that "it will be necessary in 1955 to obtain funds for construction purposes from outside sources—at least to the extent of several million dollars." The company has scheduled a large-scale expansion program, involving $75,000,000 in order to keep abreast of estimated load growth over the next five years. **Underwriters**—Probably Stone & Webster Securities Corp., The First Boston Corp. and Smith, Barney & Co. Halsey, Stuart & Co. Inc., is reported to head a group to bid approximately $25,000,000 of bonds.

Pure Oil Co.
April 9 stockholders approved the possible issuance of a convertible debenture issue. This would not exceed $50,000,000 and would be issued at the discretion of the directors any time within the next 12 months. Underwriter—Probably Smith, Barney & Co., New York.

Reading Co.
June 7 stockholders approved a proposal increasing the authorized indebtedness of the company to $125,000,000. Funded debt at Dec. 31, 1954 totaled $84,077,350. If, in the future, the directors should deem it in the best interests of the company to issue bonds, the board will determine the amount of the issue and the terms and conditions of the bonds. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.

★ **Rochester Telephone Corp.**
July 25 company advised New York P. S. Commission that it plans to make an offering of 195,312 additional shares of common stock to its stockholders on the basis of one new share for each four shares held. **Price**—To be determined later. **Proceeds** — For construction program. **Underwriter**—The First Boston Corp., New York.

St. Louis-San Francisco Ry (8/22)
May 10 stockholders approved an additional issue of up to $25,000,000 of first mortgage bonds, of which it is planned to sell initially $19,500,000 principal amount to mature in 40-years. **Proceeds** — For property additions and improvements. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Union Securities Corp.; Blyth & Co., Inc. and Harriman Ripley & Co. Inc. (jointly).

San Diego Gas & Electric Co.
E. D. Sherwin, President, recently reported that the company will need a minimum of $11,000,000 new capital to help finance its current $20,000,000 construction program. The financing will probably take the form of a bond issue or preferred stock. Underwriters—(1) For preferred stock, Blyth & Co., Inc., San Francisco, Calif. (2) For bonds, to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Blyth & Co., Inc.; Union Securities Corp. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Lehman Brothers; The First Boston Corp.; White, Weld & Co. and Shields & Co. (jointly). Offering—Expected in September.

Southern California Gas Co.
Feb. 28 it was reported company plans to issue and sell $40,000,000 of first mortgage bonds. Application has been filed with California P. U. Commission for exemption from competitive bidding. Bids received on last sale of bonds were from Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; White, Weld & Co. and Union Securities Corp. (jointly); Lehman Brothers.

Southern Co. (11/9)
Dec. 30 it was announced company plans to issue and sell to the public 500,000 additional shares of common stock (par $5). Proceeds—To repay bank loans and for investment in additional stock of subsidiary companies. Underwriter—To be determined by competitive bidding. Probable bidders: The First Boston Corp., Ladenburg, Thalman & Co., Carl M. Loeb, Rhoades & Co. and Wertheim & Co. (jointly); Blyth & Co., Inc., Bear, Stearns & Co. and Dean Witter & Co. (jointly); Union Securities Corp. and Equitable Securities Corp. (jointly); Lehman Brothers; Morgan Stanley & Co.; Kidder, Peabody & Co., and Merrill Lynch, Pierce, Fenner & Beane. Bids—Tentatively scheduled for Nov. 9. Registration—Not expected until Oct. 12.

Southland Frozen Foods, Inc.
April 18 it was reported company plans to offer $600,-000 of 6% debentures and 60,000 shares of common stock. Office—160 Broadway, New York City. Underwriter—Eisele & King, Libaire, Stout & Co., New York. Offering—Expected in July.

Sterling Precision Instrument Corp.
June 6 the stockholders voted to approve an authorized issue of 500,000 shares of first preferred stock (par $10), of which 300,000 shares (to be convertible into common) are to be publicly offered. Proceeds—For working capital. Office—Buffalo, N. Y.

★ **Talcott (James), Inc. (8/22-26)**
July 20 directors authorized a proposed public offering of 100,000 shares of common stock. **Proceeds**—For working capital. **Underwriter**—F. Ebertsadt & Co., Inc., New York. **Registration**—Expected early part of next week.

Texas Gas Transmission Co.
March 15 it was reported company plans to sell **additional first mortgage bonds later to finance cost of new construction, which is estimated at about $17,500,000. Underwriter—Dillon, Read & Co. Inc., New York**

● **Union Bank & Trust Co., Los Angeles, Calif.**
July 26 it was announced stockholders of record July 22 1955, have been given the right to subscribe on or before Aug. 15 for 95,000 additional shares of capital stock (par $10) on the basis of one new share for each five shares held. **Price**—$33 per share. **Proceeds**—For capital and surplus. **Underwriter**—Blyth & Co., Inc., Los Angeles, Calif.

Union Electric Co. of Missouri
Jan. 24 it was reported company expects to sell about $30,000,000 30-year first mortgage bonds late in 1955. Proceeds—To repay bank loans and for new construction. Underwriter — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. and Union Securities Corp. (jointly); The First Boston Corp.; Lehman Brothers and Bear, Stearns & Co. (jointly); White, Weld & Co. and Shields & Co. (jointly). Bids — Expected to be received in October or November 1955.

Warren Brothers Co., Cambridge, Mass.
July 19 stockholders approved a plan to refinance the outstanding 40,665 shares of $2.50 cumulative preferred stock (par $50). It is proposed to issue not more than $2,500,000 of notes, bonds or debentures which may be in whole or in part convertible into common stock at not less than $50 per share. **Proceeds**—To retire preferred stock, to pay off a $225,000 loan and for working capital.

Westpan Hydrocarbon Co.
March 2 it was announced Sinclair Oil Corp. has agreed with the SEC to divest itself of its investment of 384,380 shares of Westpan stock (52.8%). **Underwriter**—Union Securities Corp., New York, underwrote recent sale of Sinclair's holdings of Colorado Interstate Gas Co. **White, Weld & Co.**, New York, may be included among the bidders.

Worcester County Electric Co. (10/18)
The company proposes to file a registration statement with the SEC early in September with respect to sale of $8,500,000 first mortgage bonds, series D, due 1985. **Proceeds**—For payment of bank loans and new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Beane, Salomon Bros. & Hutzler and Stroud & Co., Inc. (jointly); Coffin & Burr, Inc.; Kidder, Peabody & Co., Blyth & Co., Inc. and White, Weld & Co. (jointly); Blair & Co. Incorporated and Baxter, Williams & Co. (jointly); The First Boston Corp. **Bids**—Tentatively scheduled to be received on Oct. 18 at company's office, 441 Stuart St., Boston 16, Mass.

York County Gas Co., York, Pa.
June 29 it was announced company contemplates the issuance and sale later this year of a new series of its first mortgage bonds, in an aggregate amount not yet determined. **Proceeds**—To pay for new construction and probably to refund an issue of $560,000 4¾% first mortgage bonds due 1978. **Underwriter**—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; A. C. Allyn & Co. Inc.; White, Weld & Co. and Shields & Co. (jointly). It is also possible that issue may be placed privately.

Minshall Organ Co. Stock Offered at $3

A public offering of 100,000 shares of common stock (par $1) of Minshall Organ Co. of Brattleboro, Vt., is being made through Baruch Brothers & Co., Inc., New York City, at $3 per share on a best-efforts basis.

The Minshall Organ Co. will use the net proceeds from the offering to liquidate debts, pay expenses of the issue, and for retooling and working capital.

The company manufactures electronic organs for home use. The instrument is completely electronic, containing no moving parts. All tones and effects are produced by vacuum tubes similar to those found in radio and television sets.

The firm is also the inventor of a new type of sound system, called "Tone-Arama." This sound system gives the listener the feeling that the music from the organ is coming from different sections of the room, rather than from the instrument.

The company recently introduced an electronic organ that sells for $890, the lowest price of any comparable organ in the industry.

After giving effect to the sale of the abovementioned shares, there will be outstanding 200,000 shares, out of a total authorized issue of 1,000,000 shares.

Jackson Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Lester W. Hodgdon has become affiliated with Jackson & Company, Inc., 31 Milk Street.

Joins Wainwright Staff

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Martin G. Lobkowicz has joined the staff of H. C. Wainwright & Co., 60 State Street, members of the New York and Boston Stock Exchanges.

With Renyx, Field

(Special to THE FINANCIAL CHRONICLE)

QUINCY, Mass.—Richard A. Di Bona is now associated with Renyx, Field & Co.

DIVIDEND NOTICES

The American Tobacco Company
INCORPORATED

111 Fifth Avenue New York 3, N. Y.

200TH COMMON DIVIDEND

A regular dividend of Eighty-five Cents (85¢) per share has been declared upon the Common Stock of THE AMERICAN TOBACCO COMPANY, payable in cash on September 1, 1955, to stockholders of record at the close of business August 10, 1955. Checks will be mailed.

HARRY L. HILYARD, *Treasurer*

July 26, 1955

AMERICAN & FOREIGN POWER COMPANY INC.

TWO RECTOR STREET, NEW YORK 6, N. Y.

COMMON DIVIDEND

The Board of Directors of the Company, at a meeting held this day, declared a quarterly dividend of 15 cents per share on the Common Stock for payment September 9, 1955, to the shareholders of record August 10, 1955.

H. W. BALGOOYEN,
Vice President and Secretary

July 22, 1955

Allied Chemical

Quarterly dividend No. 138 of $.75 per share has been declared on the Common Stock of Allied Chemical & Dye Corporation, payable September 9, 1955 to stockholders of record at the close of business August 12, 1955.

W. C. KING, *Secretary*

July 26, 1955.

Bayuk Cigars Inc.

A dividend of fifteen cents (15¢) per share on the Common Stock of this Corporation was declared payable Sept. 15, 1955 to shareholders of record Aug. 31, 1955. Checks will be mailed.

CHARLES L. NACE
TREASURER

Philadelphia, Pa.
July 22, 1955.

PHILLIES
America's No. 1 cigar

WEBSTER
The modern-mild cigar

DIVIDEND NOTICES

AMERICAN METER COMPANY
Incorporated
1513 RACE STREET
Phila. 2, Pa., July 26, 1955

AMERICAN METER CO EST. 1836

A quarterly dividend of Fifty Cents ($.50) per share has been declared on the Capital Stock of the Company, payable September 15, 1955 to stockholders of record at the close of business August 26, 1955.

W. B. ASHBY, *Secretary.*

AMERICAN GAS AND ELECTRIC COMPANY

Common Stock Dividend

A regular quarterly dividend of forty-five cents ($.45) per share on the Common capital stock of the Company issued and outstanding in the hands of the public has been declared payable September 10, 1955, to the holders of record at the close of business August 10, 1955.

W. J. ROSE, Secretary

July 27, 1955

EATON MANUFACTURING COMPANY
CLEVELAND 10, OHIO
DIVIDEND No. 137

On July 22, 1955, the Board of Directors declared a dividend of fifty cents (50c) per share on the common shares of the Company, payable August 25, 1955, to shareholders of record at the close of business August 5, 1955.

R. G. HENGST, *Secretary*

Manufacturing plants in Ohio (five), Michigan (five), Kenosha, Wis., Lackawanna, N. Y., and London, Ont.

EATON MANUFACTURING COMPANY
CLEVELAND 10, OHIO
EXTRA (DIVIDEND 138)

On July 22, 1955, the Board of Directors declared a dividend of fifty cents (50c) per share on the common shares of the Company, payable August 25, 1955, to shareholders of record at the close of business August 5, 1955.

R. G. HENGST, *Secretary*

Manufacturing plants in Ohio (five), Michigan (five), Kenosha, Wis., Lackawanna, N. Y., and London, Ont.

Manufacturers of AE Wall & Floor Tile

AMERICAN ENCAUSTIC TILING COMPANY, INC.

COMMON STOCK DIVIDEND

Declared July 20, 1955

15 cents per share

Payable August 30, 1955
Record Date August 16, 1955

America's OLDEST Name in Tile

DIVIDEND NOTICES

BRILLO MANUFACTURING COMPANY, INC.

Dividend No. 102

A Dividend No. 102 of Forty Cents ($.40) on the Common Stock has been declared, payable October 1, 1955, to stockholders of record September 15, 1955.

M. B. LOEB, President

Brooklyn, N. Y.

HARBISON-WALKER REFRACTORIES COMPANY

Pittsburgh Pennsylvania

July 21, 1955

Board of Directors has declared for quarter ending September 30, 1955 DIVIDEND of ONE and ONE-HALF ($1\frac{1}{2}$%) PER CENT or $1.50 per share on PREFERRED STOCK, payable October 20, 1955 to shareholders of record October 6, 1955.

Also declared a DIVIDEND of $62\frac{1}{2}$c per share on COMMON STOCK, payable September 1, 1955 to shareholders of record August 10, 1955.

G. F. CRONMILLER, JR.
Vice President and Secretary

INTERNATIONAL HARVESTER COMPANY

The Directors of International Harvester Company have declared quarterly dividend No. 148 of one dollar and seventy-five cents ($1.75) per share on the preferred stock payable September 1, 1955, to stockholders of record at the close of business on August 5, 1955.

GERARD J. EGER, Secretary

MIAMI COPPER COMPANY
61 Broadway, New York 6, N. Y.
July 20, 1955

A quarterly dividend of fifty (50¢) cents per share was declared, payable September 27, 1955, to stockholders of record at the close of business September 15, 1955.

An extra dividend of fifty (50¢) cents per share was declared, payable September 27, 1955, to stockholders of record at the close of business September 15, 1955.

JOHN G. GREENBURGH,
Treasurer.

MERCK & CO., INC.
RAHWAY, N. J.

Quarterly dividends of 20¢ a share on the common stock, $87\frac{1}{2}$¢ a share on the $3.50 cumulative preferred stock, $1.00 a share on the $4.00 convertible second preferred stock, and $\$1.06\frac{1}{4}$ a share on the $4.25 second preferred stock have been declared, payable on October 1, 1955 to stockholders of record at the close of business September 12, 1955.

JOHN H. GAGE,
July 26, 1955 *Treasurer*

DIVIDEND NOTICES

TEXAS GULF SULPHUR COMPANY

The Board of Directors has declared a dividend of 50 cents per share on the 10,020,000 shares of the Company's capital stock outstanding and entitled to receive dividends, payable Sept. 15, 1955, to stockholders of record at the close of business Aug. 26, 1955.

E. F. VANDERSTUCKEN, JR.,
Secretary.

NATIONAL STEEL Corporation

NATIONAL STEEL

103rd Consecutive Dividend

The Board of Directors at a meeting on July 8, 1955, declared a quarterly dividend of seventy-five cents per share on the capital stock, which will be payable September 13, 1955, to stockholders of record August 26, 1955.

PAUL E. SHROADS
Senior Vice President & Treasurer

O'okiep Copper Company Limited

Dividend No. 35

The Board of Directors today declared a dividend of twenty shillings per share on the Ordinary Shares of the Company payable August 30, 1955, subject to approval of South African Exchange Control.

The Directors authorized the distribution of the said dividend on September 9, 1955 to the holders of record at the close of business on September 2, 1955 of American shares issued under the terms of the Deposit Agreement dated June 24, 1946. The dividend will amount to approximately $2.79 per share, subject, however, to any change which may occur in the rate of exchange for South Africa funds prior to August 30, 1955. Union of South Africa non-resident shareholders tax at the rate of 7.05% will be deducted.

By Order of the Board of Directors,

F. A. SCHECK, *Secretary.*

New York, N. Y., July 27, 1955.

Southern Railway Company

THE SOUTHERN SR SERVES THE SOUTH

DIVIDEND NOTICE

New York, July 26, 1955.

A dividend of seventy-five cents (75c) per share on 2,596,400 shares of Common Stock without par value of Southern Railway Company has today been declared out of the surplus of net profits of the Company for the fiscal year ended December 31, 1954, payable on September 15, 1955, to stockholders of record at the close of business on August 15, 1955.

J. J. MAHER, Secretary

DIVIDEND NOTICES

United States Pipe and Foundry Company

New York, N. Y., July 22, 1955

The Board of Directors this day declared a quarterly dividend of seventy-five cents (75¢) per share on the outstanding Common Stock of this Company, payable September 9, 1955, to stockholders of record on August 19, 1955.

The transfer books will remain open.

UNITED STATES PIPE AND FOUNDRY COMPANY
JOHN W. BRENNAN, *Secretary & Treasurer*

UNION CARBIDE
AND CARBON CORPORATION
UCC

A cash dividend of Seventy-five cents (75¢) per share on the outstanding capital stock of this Corporation has been declared, payable Sept. 1, 1955 to stockholders of record at the close of business Aug. 5, 1955.

KENNETH H. HANNAN,
Vice-President and Secretary

TEXACO

THE TEXAS COMPANY
——212th——
Consecutive Dividend

A regular quarterly dividend of seventy-five cents (75¢) per share on the Capital Stock of the Company has been declared this day, payable on September 10, 1955, to stockholders of record at the close of business on August 5, 1955.

The stock transfer books will remain open.

S. T. CROSSLAND
July 22, 1955 *Vice President & Treasurer*

SUNRAY D-X PETROLEUM PRODUCTS

DIVIDEND NOTICE

The directors, on July 15, declared a regular quarterly dividend (No. 63) of thirty (30) cents per share on the Common Stock, payable on September 20 to shareholders of record August 5. The initial dividend on the $4\frac{1}{2}$ per cent Cumulative Preferred Stock, Series A, for the period from May 16 to September 1, will be paid on September 1, at 32-13/16th cents per share to shareholders of record August 5, and the initial dividend on the $5\frac{1}{2}$ per cent Cumulative Convertible Second Preferred Stock, Series of 1955, for the period from May 16 to September 1, will be paid on September 1, at $48\frac{1}{8}$th cents per share, to shareholders of record August 5.

W. D. FORSTER, Secretary

SUNRAY MID-CONTINENT
Oil Company
SUNRAY BLDG. TULSA, OKLAHOMA

***Common and Preferred* Dividend Notice**

July 20, 1955

The Board of Directors of the Company has declared the following quarterly dividends, all payable on September 1, 1955, to stockholders of record at close of business August 1, 1955:

Security	Amount per Share
Preferred Stock, 5.50% First Preferred Series	$\$1.37\frac{1}{2}$
Preferred Stock, 5.00% Series	$1.25
Preferred Stock, 4.75% Convertible Series	$\$1.18\frac{3}{4}$
Preferred Stock, 4.50% Convertible Series	$\$1.12\frac{1}{2}$
Common Stock	$0.35

[signature] Secretary

TEXAS EASTERN *Transmission Corporation*
SHREVEPORT, LOUISIANA

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—Congressional conservatives believe that George Humphrey gave a clear warning that accelerated tax amortization can become a potent tool in the hands of economic planners, when he discussed that subject recently before a House committee.

Most of the press played the fiscal angle of Secretary Humphrey's testimony. Humphrey estimated that approximately $680 million of revenue was being lost because of outstanding certificates of accelerated amortization. This special tax relief, the Treasury head hinted, jeopardizes the prospect for general tax relief. This was the pitch the daily press gave to the testimony.

On the other hand, while the Secretary did not specifically identify "economic planning" as what he had in mind, he did appear to point to this, if indirectly.

"The accelerated tax write-off is an artificial stimulant of a dangerous type," Mr. Humphrey observed.

"Expansion of our defense facilities should be an integral part of our broad, orderly, long-range, economic growth. Our basic defense capacity cannot be soundly separated from the broad base of productive capacity in general on which our nation relies for its economic strength.

"Artificial stimulants may well become artificial controls," Secretary Humphrey stated.

Recalls Demand for Enlarged Capacity

Secretary Humphrey's remarks acquire this significance against the backdrop of the late 1940's, when the perfervid economic planners and the CIO were jointly propagandizing furiously for a boost broadly in basic industrial capacity, especially in steel.

At that time, in the light of conditions then apparent, the steel industry was reluctant to expand to the great extent desired by the aggressive economic planners and left-wing laborites. The latter groups naturally looked upon economic expansion, to which they were totally wedded, as the way of preventing any slack from developing in the economy.

Then came the Korean affair and the Federal Government gleefully launched a long-range defense build-up and projected tens of billions of additional defense expenditures, which resolved the argument. A vastly enlarged steel production capacity became imperative to carry out the remobilization. The Truman Administration gleefully came forward with a fast tax write-off scheme to help turn the trick.

If some miracle were to lessen the tensions of the cold war, and as a consequence U. S. defense spending declined, and if there were not something concocted to replace this Federal spending as a "contribution to the economy," then the economic planners of another day might well come up with a new capacity expansion program steamed up by accelerated amortization.

If such a miracle happened, however, the "slack" could well be taken up by a loan and grant program to rehabilitate the economy of Russia. For the Administration believes that a high standard of living makes peaceful out of belligerent nations.

Plan Huge New Communications Network

There is being launched a huge new wire communications network for the Continental Air Defense Command. It will cost, according to Senator Dennis Chavez (D., N. Mex.) in the neighborhood of $2 billion to construct, and will take two to three years to build.

The Air Forces, which are handling the project, are contracting with "telephone companies," according to the official record of the Senate Appropriations Committee hearing, to build this network. It is understood that the principal contractor will be the Bell System.

In all some 25,000 circuits will be constructed, versus 1,500 now in use by the Continental Air Defense Command. The purpose of this huge construction job, necessary because it exceeds the existing capacity of the Bell System, is to replace communications among air defense and radar warning systems that are largely manual, with automatic or semi-automatic equipment.

The basis for the contracting is that as the system is largely built, say in 1958, then the Air Forces will enter into 10-year leases of these lines, circuits, and equipment with the "telephone companies," paying established published intra or interstate leasing rates for commercial wires, as the case may be. This is expected to pay the amortized capital cost of these lines over the 10-year period.

On the other hand, if the Air Forces terminate these leases short of the 10-year contracting period, then the government will be liable to make up to the AT&T any loss arising from such a shortfall.

The annual payments when the system is fully installed will cost an estimated $240 million, beginning about 1958.

Mouse Bites Cat

This is another of those "mouse bites cat" category of news items.

Ezra Taft Benson, who has backed government loan insurance all over the place, has finally come out against one of those schemes.

The Secretary of Agriculture opposed that old chestnut, so dear to the majority of the House Committee on Agriculture, to set up a system of "loan insurance" to finance for cities the construction of new, pretty, and efficient markets for the sale of fresh fruits, vegetables, and other perishable farm produce.

This bill was twice reported out in recent years by the House Committee on Agriculture, again reported out the other day, was once passed without objection by the House and was once recommitted.

It provides that the Department of Agriculture should set up a system of insurance like FHA, to guarantee 85% of a municipality's cost of establishing a new market for perishable commodities. The loans would run for 40 years. A sum of $100 million would be authorized initially, but there was official testimony that this would finance new markets only in New York and Philadelphia. Another $100 million would be needed for other cities.

In a letter to Chairman Harold D. Cooley (D., N. C.) of the House committee, the Acting Secretary, True D. Morse, presumably reflecting Secretary Benson's views, observed that the Department cannot at this time recommend passage of the bill. "Experience shows that where plans for a market facility have been soundly developed, such ventures are self-liquidating, and hence may be financed by private capital."

Federal Spending Rises

However you slice them, the Treasury's preliminary figures for fiscal 1955 show one outstanding trend: the era of reduced Federal spending has come to an end; the rise in spending has set in.

Last January the Budget estimated revenues of $59 billion. The actual outturn was $60,303 million. This was $1,303 million more revenues than was estimated, reflecting the push of the big business boom.

Last January the Budget estimated total spending at $63.5 billion. The actual outturn was $64,494, or $994 million or almost $1 billion more than was forecast.

As a consequence the deficit came out to be $4,192 million, only $308 million less than the estimated $4.5 billion, notwithstanding the windfall of $1,303 million more revenue than was expected.

So the story is of an expenditure rise.

This the joint statement of Treasury Secretary Humphrey and Rowland R. Hughes, the Budget Director, attempted to ascribe entirely to a rise in costs of farm price supports of $1,251 million because the flexible price supports lowered in legislation enacted in 1954 "did not become effective until fiscal year 1956."

This rationalization does not convince informed fiscal observers. In January the new supports were in low so the Administration knew that these lower support levels, much less substantively economical than advertised, would not become effective until 1956 when they made their estimates of that time.

The rise in crop support spending was due to the fact that between them neither the Administration nor the Congress had the hardihood to lower support levels materially in the face of rising surpluses. In any case officials expect farm price supports to cost about as much this fiscal year as last.

There are a number of known factors which indicate that in some items of expenditure a rise has set in. Thus, the postal deficit, other personnel costs will rise, because of government pay raises. Actual outpayments for military and other foreign aid are likely to rise. Housing costs are going up.

The chief actual reduction in total Federal spending, as compared with the last year arranged by the Truman Administration, was in military spending. In January the Administration estimated this would fall to $34,375 million. It actually came out to be $35,847 million, or $1,472 million more than estimated just six months prior to the actual figures.

(This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's own views.)

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Budget and Accounting — Task force report, Commission on Organization of the Executive Branch of the Government — Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), 30¢.

Depot Utilization — Subcommittee report—Commission on Organization of the Executive Branch of the Government — Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), 30¢.

Fantasies and Facts in Corporations—Robert D. Gray—Industrial Relations Section, California Institute of Technology, Pasadena, Calif. (paper), $1.00.

Marketing of Sugar—Jack Turner —Bureau of Business Research, School of Business, Indiana University, Bloomington, Ind.

1955 Pick's Currency Yearbook—Analysis of 74 of the world's leading currencies — Pick's World Currency report, 75 West Street, New York 6, N. Y. (cloth), $35.00.

Oil Forum Handbook of Facts, Factors & Formulae—B. Orchard Lisle—Offered on new subscription to the Oil Forum for one year at a cost of $2.00—The Oil Forum, Majestic Building, Fort Worth 2, Texas.

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